

ILLINOIS DEPARTMENT OF TRANSPORTATION  
BUREAU OF ACCOUNTING AND AUDITING  
AUDIT SECTION

**ANNUAL AUDIT PLAN**  
FISCAL YEARS  
**2005-2006**

Prepared By  
Audit Section  
Bureau of Accounting and Auditing

**BUREAU OF ACCOUNTING AND AUDITING**

**AUDIT SECTION**

**FY 2005-2006 ANNUAL AUDIT PLAN**

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**BUREAU OF ACCOUNTING AND AUDITING**

**AUDIT SECTION**

**FY 2005-2006 ANNUAL AUDIT PLAN**

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**AUDIT SECTION**  
**MISSION STATEMENT**

*The primary purpose of the Audit Section is to provide for the audit needs of IDOT management, both internal and external, and to focus its audit efforts toward helping the Department achieve its goals and objectives. For this endeavor, the Audit Section is committed to applying its skills and knowledge in a professional and consistent manner.*

*The achievement of the Audit Section's goals and objectives is mainly accomplished through its commitment to teamwork. Seeking opportunities for improvement and change are key ingredients vital to the success of the Section.*

*The Audit Section is obligated to providing accurate and timely audit services and information essential to successful accomplishment of the goals and objectives of the Department as well as the Audit Section. This obligation is undertaken with an attitude of excellence and a sense of commitment and passion.*

Illinois Department of Transportation  
Bureau of Accounting and Auditing  
Audit Section

**Part I**

**Comprehensive Audit Plan  
For The  
Audit Section**

Annual Plan Fiscal Years 2005-2006

ILLINOIS DEPARTMENT OF TRANSPORTATION  
BUREAU OF ACCOUNTING AND AUDITING

AUDIT SECTION

**Audit Summary for FY 2004 and FY 2005**

**FY 2004 PERFORMANCE ANALYSIS/ FY 2005 AUDIT PLAN**

During FY 2004, the Audit Section completed a large number of audits within the twenty-three assigned work areas. The workload "on hand" at the beginning of the year was 2,537 audit units; the workload "on hand" at the end of the year was 3,132 units. The Section audited 1,203 contracts, projects, programs, etc. resulting in the issuance of 870 audit reports. (The FY 2004 goal was to complete 1,115 audits.) The audits provided audit coverage of over \$424,450,151 in contract/ project related costs, in addition to numerous IDOT internal areas. Associated audit findings recommended the recovery of \$15,542,807 in potential total savings to IDOT. This resulted in an average of \$1,036,187 in potential savings per auditor.

During FY 2004, the Audit Section was involved in various "Special Reviews". As required by the Fiscal Control and Internal Auditing Act of 1989, the certification of the Department's internal controls was submitted to the Office of the Auditor General by the required due date. Other reviews were investigatory in nature responding to external accusations and/or management requests. In addition, as required by Federal regulations, the Audit Section reviewed 27 single audits.

The audit work completed in FY 2004 was accomplished by an average of 15 auditors and a two-person support staff. Audit work required the expenditure of \$74,191 in travel funds for the fiscal year. The salary and fringe costs totaled \$1,212,044 for a total cost (excluding overhead) of \$1,286,235 or \$85,749 per auditor. Considering an average potential savings of \$1,036,187, the net potential savings in FY 2004 was \$950,438 per auditor.

The Audit Section's FY 2004 staff of 15 auditors was 52% below its FY 2003 audit staff of 29 auditors (as of 6/30/02). Though some internal audit work has been transferred to the Illinois Office of Internal Audit, there has been only a marginal decrease in the overall magnitude of the Audit Section's total workload. The Audit Section estimates that during FY 2005, 4,141 contracts, projects or programs will be considered complete and require audit. In addition, the Section estimates 685 consultant proposals and city/county agreements will require review. The Audit Section expects single audit reports requiring review to total 50. During FY 2005, the Audit Section expects to audit 366 of these units, review 640 consultant proposals and city/county agreements, and issue reviews of 30 single audits. The Audit Section has scheduled the total available audit man-days of 2,874 to accomplish these tasks.

ILLINOIS DEPARTMENT OF TRANSPORTATION  
BUREAU OF ACCOUNTING AND AUDITING

AUDIT SECTION

**FY 2004 Accomplishments**

In addition to audit operations, the Audit Section has, in the past year, strived to advance in other areas. As listed below, these achievements have increased the credibility of the audit staff; provided adherence to required standards, policies, and procedures; reduced workload; and increased analytical and informational capabilities. The Audit Section has:

1. Removed 251 projects from the workload system as a result of the Audit Section's workload reduction procedures which limit detailed audit work to those contracts expending material funds.
2. Provided internal and external training courses to the audit staff in order to comply with GAO and IIA Audit Standards.
3. Completed an evaluation of the Department's major internal fiscal and administrative controls as required by the Fiscal Control and Internal Auditing Act of 1989.
4. Recommended the recovery of \$15,542,807 as a result of third party and grant audits.
5. Participated in and completed the eighth joint construction review program between the Bureau of Accounting and Auditing and the Bureau of Construction which provided a detailed evaluation of active construction projects statewide.
6. Provided audit coverage of consulting firms contracting with the Illinois Tollway Authority. During FY 2004, the audit staff performed 12 project cost audits for the Tollway totaling \$11,647,596 in project costs and recommending \$84,836 in audit findings.
7. Participated in the 2004 Midwest Highway/Rail Safety Conference.

**ILLINOIS DEPARTMENT OF TRANSPORTATION  
BUREAU OF ACCOUNTING AND AUDITING**

**AUDIT SECTION**

<b><u>FY 2005 Goals</u></b>
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In FY 2005, the Audit Section will continue to strive to perform its function in an efficient and effective manner. The following list depicts the specific goals identified for the coming year:

1. Continue the auditor training program ensuring each auditor receives at least 40 hours of continuing professional education per year as required by the GAO Auditing Standards which will also exceed the minimum requirements of the IIA Auditing Standards.
2. Continue participation (as team members and as team leaders) in external quality control peer reviews of other State highway/DOT agencies per IDOT's agreement with the Internal and External Audit Subcommittee of AASHTO.
3. Increase the number of auditors assigned to perform joint construction progress reviews and audits of external contractors.
4. Participate in the interstate consultant audit seminar.
5. Continue to refine the Joint Construction Progress Review Program.
6. Promote the participation of the Audit staff in certification programs for CPA's and CIA's.
7. Increase audit coverage of operating and capital grant projects with the Division of Public Transportation.
8. Increase audit coverage of active construction projects relating to the Division of Aeronautics.



**ILLINOIS DEPARTMENT OF TRANSPORTATION  
BUREAU OF ACCOUNTING AND AUDITING**

**AUDIT SECTION**

**Description of Exhibits**

The FY 2005 Audit Work Plan for the Audit Section was prepared estimating a personnel headcount of fifteen auditors.

Exhibited in this report are the following schedules which display the audit accomplishments for FY 2004 and the audit plans for FY 2005.

**Exhibit A - FY 2005 Audit Work Plan**

The Audit Work Plan displays an estimated picture of the audit environment for FY 2005. One column estimates the man/days required to perform each type of specified audit. The next column presents the workload on hand, by work area, at the beginning of FY 2005. The Audit Section estimates the number of audits expected to be received during the course of FY 2005. The summation of the beginning workload and the audits received equals the total workload for FY 2005. The Audit Section, with regard to man/days, estimates the number of audits expected to be completed in FY 2005. Total workload for FY 2005 less audits completed in FY 2005 equal the ending workload for the year.

**Exhibit B - Report of Audit Workload Status For Year Ending 06/30/04**

The Workload Status Report presents audit progress for FY 2004. The report displays, by work area, the workload at the beginning of the fiscal year, increased by the workload received, and reduced by workload completed, to equal workload at fiscal year end.

**Exhibit C - Estimated vs. Actual Accomplishments For FY 2004**

The Actual Accomplishments Report compares the number of audits estimated (in the 2004 Audit Plan) to be completed during FY 2004 to the number of audits actually completed during the fiscal year.

**Exhibit D - Number of Audit Reports Issued During FY 2004**

This report depicts the number of audit reports issued during FY 2004 and the corresponding costs questioned (per work area).

ILLINOIS DEPARTMENT OF TRANSPORTATION  
BUREAU OF ACCOUNTING AND AUDITING

AUDIT SECTION

Conclusion

On July 1, 2002, the Audit Section had a total of twenty-nine auditors. During the year, four auditors resigned from their positions in the Audit Section and four auditors retired. During the first quarter of Fiscal Year 2004, five auditors were transferred to the Illinois Office of Internal Audit. In February of 2004, an additional auditor resigned his position. As of July 1, 2004, the Audit Section employed only fifteen auditors, which is a 52% reduction in audit staff as compared to the July 1, 2002 staff level.

The employment of additional auditors, in addition to the current audit staff, will enhance the Audit Section's ability to reduce the audit backlog in the railroad, utility, consultant, and third party work areas. Additional staff will increase the audit coverage of the Department's other operations such as the Division of Aeronautics and the Division of Public Transportation.

The Audit Section, through its operations, benefits the Department in the following manner:

- A. Intrinsic Benefits - IDOT operational audits recommending system improvements, strengthening of internal controls, and adherence to policies, procedures, and laws can improve efficiency, effectiveness, and result in sizable cost savings. In addition, periodic reviews of IDOT areas can result in intangible benefits such as deterring personnel from fraud, waste and abuse.
- B. Extrinsic Benefits - Findings presented in audit reports, pre-award audit evaluations, agreement reviews, and internal audits resulted in recommendations for the recovery of or reduction in amounts owed to others as follows for fiscal years 1983 through 2004.

**Conclusion - continued**

<b>Fiscal Year</b>	<b>IDOT Savings</b>
2004	\$15,542,807*
2003	\$4,776,490
2002	\$10,271,695
2001	\$4,616,490
2000	\$6,894,723
1999	\$11,855,614
1998	\$10,233,799
1997	\$6,863,429
1996	\$4,068,163
1995	\$6,545,384
1994	\$5,511,560
1993	\$3,486,106
1992	\$5,879,187
1991	\$4,624,298
1990	\$3,778,426
1989	\$3,649,692
1988	\$1,886,147
1987	\$1,050,602
1986	\$3,053,533
1985	\$1,985,894
1984	\$2,809,238
1983	\$1,078,589

\*Includes the \$10.6 million in ineligible costs cited on the Champaign-Urbana Mass Transit District Audit.

## Exhibit A

Page 1

# BUREAU OF ACCOUNTING AND AUDITING

## AUDIT SECTION

### FY 2005 AUDIT WORK PLAN

Work Area

Work Area		Estimated work standard in man/days	Workload on hand 06/30/04	Estimated workload to be received FY 2005	Total workload For FY 2005	Estimated accomplishments For FY 2005		Estimated workload on 06/30/05
No.	Title					# audits	man/days	
<b>Office of Public Affairs</b>								
	Bureau of Information Services	5.00	0	0	0	0	0.00	0
	Bureau of Information & Public Assist	5.00	0	0	0	0	0.00	0
<b>Division of Aeronautics</b>								
	Bureau of Administrative Services	10.00	0	0	0	0	0.00	0
	Bureau of Airport Engineering	20.00	0	0	0	0	0.00	0
	Bureau of Aviation & Education Safety	5.00	0	0	0	0	0.00	0
	Bureau of Air Operations	20.00	0	0	0	0	0.00	0
<b>Division of Highways</b>								
	Bureau of Highways Administration	30.00	0	0	0	0	0.00	0
	Bureau of Operations	40.00	0	0	0	0	0.00	0
	Bureau of Construction	20.00	0	0	0	0	0.00	0
	Bureau of Local Roads and Streets	40.00	0	0	0	0	0.00	0
	Bureau of Materials & Physical Research	40.00	0	0	0	0	0.00	0
	Bureau of Bridges and Structures	20.00	0	0	0	0	0.00	0
	Bureau of Design and Environment	40.00	0	0	0	0	0.00	0
	Bureau of Land Acquisition	25.00	0	0	0	0	0.00	0
<b>Division of Public Transportation</b>								
	Administration	10.00	0	0	0	0	0.00	0
	Bureau of Downstate Area Programs	40.00	0	0	0	0	0.00	0
	Bureau of Northeastern II Area Programs	40.00	0	0	0	0	0.00	0
<b>Division of Traffic Safety</b>								
	Bureau of Administrative Services	15.00	0	0	0	0	0.00	0
	Bureau of Safety and Data Services	25.00	0	0	0	0	0.00	0
	Bureau of Safety Programs	25.00	0	0	0	0	0.00	0

# BUREAU OF ACCOUNTING AND AUDITING

## AUDIT SECTION

### FY 2005 AUDIT WORK PLAN

Exhibit A

Work Area		Estimated work standard in man/days	Workload on hand 06/30/04	Estimated workload to be received FY 2005	Total workload For FY 2005	Estimated accomplishments For FY 2005		Estimated workload on 06/30/05
No.	Title					# audits	man/days	
Special Reviews (Non-Audits)								
	Management Requests	25.00	0	0	0	0	0.00	0
	Quality Assurance Review	40.00	0	0	0	0	0.00	0
EDP System Reviews								
	New accounting system (FOA)	30.00	0	0	0	0	0.00	0
	Other system reviews	30.00	0	0	0	0	0.00	0
FCIAA Evaluation								
	Departmental	20.00	0	1	1	1	20.00	0
	Major Areas	7.00	0	0	0	*	*	*
	Additional Areas	7.00	0	0	0	*	*	*
	Districts	15.00	0	0	0	*	*	*
Additive Rates:								
	IDOT:							
	IDOT Labor Rate	10.00	0	1	1	1	10.00	0
	DPT Administrative Cost Review	15.00	0	1	1	1	15.00	0
	Cats	20.00	0	1	1	1	20.00	0
	Chicago & Cook County:							
	Bureau of Water Additive Rates	20.00	0	1	1	1	20.00	0
	Bureau of Water Eqpt. Rates	20.00	1	1	2	2	40.00	0
	Bureau of Electricity Additive Rates	30.00	0	2	2	2	60.00	0
	Chicago DOT Additive Rates	30.00	0	1	1	1	30.00	0
	Cook County Additive Rate	25.00	0	1	1	1	25.00	0
Other:								
	Chicago DOT Labor Review	30.00	0	0	0	0	0.00	0
	Cook County Labor Review	30.00	0	0	0	0	0.00	0
	Chicago Federal Billing Doc. Review	30.00	0	0	0	0	0.00	0

# BUREAU OF ACCOUNTING AND AUDITING

## AUDIT SECTION FY 2005 AUDIT WORK PLAN

Exhibit A

Work Area		Estimated work standard in man/days	Workload on hand 06/30/04	Estimated workload to be received FY 2005	Total workload For FY 2005	Estimated accomplishments For FY 2005		Estimated workload on 06/30/05
No.	Title					# audits	man/days	
3. Courtesy Audits								
	Costs: Railroad							
	Costs: Consultant	4.50	95	10	105	9	40.50	96
	Preaward: Consultant	12.00	0	2	2	0	0.00	2
4. Planning & Research (Cost)								
		3.00	79	3	82	0	0.00	82
5. Preliminary Engineering								
		0.00	0	0	0	0	0.00	0
6. Construction								
	Operational (Non-FCIAA):							
	Active Reviews (Joint)	10.00	3	33	36	33	330.00	3
	Final Reviews	25.00	0	5	5	5	125.00	0
	Prequalification	25.00	0	0	0	0	0.00	0
	Construction Investigations	2.50	0	0	0	0	0.00	0
	Escrow	10.00	0	0	0	0	0.00	0
7. Right-of-Way								
			0	0	0			
8. Maintenance								
			0	0	0			
9. Aeronautics								
			0	0	0			
	Airport Construction Documentation	18.00	0	3	3	3	54.00	0
	Cost	4.00	0	0	0	0	0.00	0

# BUREAU OF ACCOUNTING AND AUDITING

Exhibit A

## AUDIT SECTION FY 2005 AUDIT WORK PLAN

Work Area	No.	Title	Estimated work standard in man/days	Workload on hand 06/30/04	Estimated workload to be received FY 2005	Total workload For FY 2005	Estimated accomplishments For FY 2005		Estimated workload on 06/30/05
							# audits	man/days	
11. Public Transportation (Cost)									
		CTA	20.00	0	0	0	0	0.00	0
		Capital Grants	2.00	0	12	12	12	24.00	0
		METRA	40.00	0	1	1	0	0.00	1
		PACE	40.00	0	0	0	0	0.00	0
		Other	10.00	716	100	816	0	0.00	816
12. Local Roads									
				0					
13. Special (Cost)									
		Supportive Services	5.00	0	0	0	0	0.00	0
		Rail Freight	1.00	0	0	0	0	0.00	0
14. Railroad (Cost)									
			3.00	679	300	979	130	390.00	849
15. Utility (Cost)									
			5.00	238	25	263	10	50.00	253
16. Consultant (Cost)									
		Cost	4.50	433	300	733	80	360.00	653
		Limited Benefits	0.50	0	0	0	0	0.00	0
		Provisional Rate Comp.	1.00	0	0	0	0	0.00	0
17. Other Cost Audits (Cost)									
			2.00	796	75	871	25	50.00	846



# BUREAU OF ACCOUNTING AND AUDITING

## AUDIT SECTION

### FY 2005 AUDIT WORK PLAN

Exhibit A

No.	Title	Estimated work standard in man/days	Workload on hand 06/30/04	Estimated workload to be received FY 2005	Total workload For FY 2005	Estimated accomplishments For FY 2005		Estimated workload on 06/30/05
						# audits	man/days	
18.	Third Party-Chi/Cook Cnty (Cost)	5.00	56	32	88	20	100.00	68
20.	Highway Safety (Cost)	2.00	3	0	3	0	0.00	3
21.	Consultant Pre-Awards	12.00	1	15	16	10	120.00	6
22.	Consultant Overhead Audits	20.00	21	40	61	15	300.00	46
23.	City/County Agreement Reviews	0.20	0	100	100	100	20.00	0
24.	Consultant Proposal Reviews	1.00	0	585	585	540	540.00	45
25.	Railroad Rate Audits	50.00	1	1	2	1	50.00	1
26.	Single Audit Reviews	1.00	10	40	50	30	30.00	20
TOTAL			3,132	1,694	4,826	1,036	2,874	3,790

\* : The responsibility for internal audit coverage has been transferred to the Illinois Office of Internal Audit (IOIA).

All Organizations previously scheduled for internal audit coverage will now receive internal audit coverage performed by IOIA.

# AUDIT SECTION

## BUREAU OF ACCOUNTING AND AUDITING

### REPORT OF AUDIT WORKLOAD STATUS FOR FISCAL YEAR ENDING 06/30/2004

EXHIBIT B

WORK AREA		WORKLOAD AT BEGINNING OF FY (04)	WORKLOAD RECEIVED FOR FY (04)	WORKLOAD COMPLETED FOR FY (04)	WORKLOAD (06/30/04)
NUMBER	TITLE				
2	Financial Management	11	10	20	1
3	Courtesy	10	97	12	95
4	Planning & Research	76	3	0	79
5	Preliminary Engineering	0	0	0	0
6	Construction	11	50	58	3
7	Right of Way	0	0	0	0
8	Maintenance	0	0	0	0
9	Aeronautics	0	0	0	0
11	Public Transportation	541	188	13	716
12	Local Roads	0	0	0	0
13	Special	1	0	1	0
14	Third Party - Railroad	456	360	137	679
15	Third Party - Utility	155	90	7	238
16	Consultant Cost Audits	588	146	301	433
17	Other Third Party Cost Audits	549	262	15	796
18	Third Party-Chicago/Cook Co.	42	15	1	56
20	Safety	3	0	0	3
21	Consultant Pre-Awards	2	3	4	1
22	Consultant Overhead Audits	32	44	55	21
23	City/County Agreement Reviews	0	16	16	0
24	Consultant Proposal Reviews	60	466	526	0
25	Railroad Rate Audits	0	1	0	1
26	Single Audit Reviews	0	47	37	10
	TOTALS	2,537	1,798	1,203	3,132

# Estimated vs. Actual Accomplishments

Audit Section  
Fiscal Year 2004

EXHIBIT C

<u>Work Area</u>	Estimated accomplishments for FY 04	Actual accomplishments for FY 04
	# audits	# audits
<b>No. Title</b>		
<b>2. Financial Management</b>		
<b>Operational Audits:</b>		
Office of the Secretary	0	0
<b>Office of Chief Counsel</b>		
Bureau of Claims	0	0
Legal Services	0	0
<b>Office of Finance and Administration</b>		
Bureau of Administrative Services	0	0
Bureau of Budget & Fiscal Management	0	0
Bureau of Small Business Enterprises	0	0
Bureau of Personnel Management	0	0
Bureau of Information Processing	0	0
Bureau of Employee Services	0	0
Bureau of Accounting and Auditing	0	0
Petty Cash	0	4
Cash Management Improvement Act	2	2
<b>Office of Intergovernmental Affairs</b>		
Bureau of State Legislation	0	0
<b>Office of Planning and Programming</b>		
Bureau of Railroads	0	0
Bureau of Statewide Planning	0	0
Bureau of Urban Program Planning	0	0
Chicago Area Transportation Study	0	0
South Suburban Airport Project	0	0
<b>Office of Public Affairs</b>		
Bureau of Information Services	0	0
Bureau of Information & Public Assist	0	0
<b>Division of Aeronautics</b>		
Bureau of Administrative Services	0	0
Bureau of Airport Engineering	0	0
Bureau of Aviation & Education Safety	0	0
Bureau of Air Operations	0	0
<b>Division of Highways</b>		
Bureau of Highway Administration	0	0
Bureau of Operations	0	0
Bureau of Construction	0	0
Bureau of Local Roads and Streets	0	0
Bureau of Materials & Physical Research	0	0
Bureau of Bridges and Structures	0	0
Bureau of Design and Environment	0	0
Bureau of Land Acquisition	0	0

# Estimated vs. Actual Accomplishments

Audit Section  
Fiscal Year 2004

EXHIBIT C

Work Area	Estimated accomplishments for FY 04	Actual accomplishments for FY 04
	# audits	# audits
<b>No. Title</b>		
<b>Divison of Public Transportation</b>		
Administration	0	0
Bureau of Downstate Area Programs	0	0
Bureau of Northeastern II Area Programs	0	0
<b>Division of Traffic Safety</b>		
Bureau of Administrative Services	0	0
Bureau of Safety and Data Services	0	0
Bureau of Safety Programs	0	0
<b>Special Reviews (Non-Construction)</b>		
Management Requests	3	0
Quality Assurance Review	0	0
<b>EDP System Reviews</b>		
New accounting system (FOA)	0	0
Other system reviews	0	0
<b>FCIAA Evaluation</b>		
Departmental	0	1
Major Areas	0	0
Additional Areas	0	0
Districts	0	6
<b>Additive Rates:</b>		
<b>IDOT:</b>		
IDOT Fringe Rate	1	1
DPT Administrative Cost Review	1	1
Cats Fringe and Overhead Rate	1	1
<b>Chicago &amp; Cook County:</b>		
Bureau of Water Additive Rates	1	1
Bureau of Water Eqpt. Rates	1	0
Bureau of Electricity Additive Rates	1	0
Chicago DOT Additive Rates	1	1
Cook County Additive Rate	1	1
<b>Other:</b>		
Chicago DOT Labor Review	0	0
Cook County Labor Review	0	0
Chicago Federal Billing Doc. Review	1	1
<b>3. Courtesy Audits</b>		
<b>Costs:</b>		
Railroad	0	0
Consultant	9	12
Preaward: Consultant	0	0
<b>4. Planning &amp; Research</b>	0	0

# Estimated vs. Actual Accomplishments

Audit Section  
Fiscal Year 2004

EXHIBIT C

Work Area	No.	Title	Estimated accomplishments for FY 04	Actual accomplishments for FY 04
			# audits	# audits
5. Preliminary Engineering			0	0
6. Construction				
Operational:				
Active Reviews			33	52
Final Reviews			5	3
Prequalification			0	0
Administration			0	0
Construction Investigations			0	0
Escrow			0	0
7. Right-of-Way			0	0
8. Maintenance			0	0
9. Aeronautics				
Airport Construction Documentation			3	3
Cost			0	0
11. Public Transportation (Cost)				
CTA			0	0
Capitol Grants			12	10
METRA			0	0
PACE			0	0
Other- Downstate Operating Assistance			0	3
12. Local Roads			0	0
13. Special (Cost)				
Supportive Services			1	0
Rail Freight			0	0
Other- DLM Analysis			0	1
14. Railroad				
Cost			130	137
Workload Reductions			n/a	0
15. Utility				
Cost			17	7
Workload Reductions			n/a	0
16. Consultant				
Cost			120	50
Workload Reductions			n/a	251
Labor Analysis			0	0

# Estimated vs. Actual Accomplishments

Audit Section  
Fiscal Year 2004

EXHIBIT C

Work Area	Estimated accomplishments for FY 04	Actual accomplishments for FY 04
	# audits	# audits
No. Title		
Lump Sum Evaluation	0	0
17. Other Third Party Audits (Total)		
Cost	25	15
Workload Reductions	n/a	0
18. Third Party - Chicago/Cook County (Cost)	20	1
Workload Reductions	n/a	0
20. Highway Safety	0	0
21. Consultant Pre-Awards	15	4
22. Consultant Overhead Audits	30	55
23. City/County Agreement Reviews	100	16
24. Consultant Proposal Reviews	540	526
25. Railroad Rate Audits	1	0
26. Single Audit Reviews	40	37
TOTAL	1,115	1,203

**BUREAU OF ACCOUNTING AND AUDITING**  
**AUDIT SECTION**  
**NUMBER OF AUDIT REPORTS ISSUED DURING FY 2004**

NUMBER	TITLE	REPORTS ISSUED	UNITS AUDITED	COSTS AUDITED	COSTS QUESTIONED
2	Financial Management	15	20	N/A	N/A
3	Courtesy	12	12	\$11,647,596	\$84,836
4	Planning & Research	0	0	\$0	\$0
5	Preliminary Engineering	0	0	\$0	\$0
6	Construction	55	58	N/A	N/A
7	Right of Way	0	0	\$0	\$0
8	Maintenance	0	0	\$0	\$0
9	Aeronautics	0	0	\$0	\$0
11	Public Transportation	11	13	\$52,793,404	\$10,632,001
12	Local Roads	0	0	\$0	\$0
13	Special	1	1	N/A	N/A
14	Third Party - Railroad	123	137	\$14,217,756	\$1,512,405
15	Third Party - Utility	6	7	\$4,049,337	\$283,385
16	Consultant Cost Audits	51	301*	\$78,292,738	\$218,186
17	Other Cost Audits	15	15	\$10,649,825	\$18,672
18	Third Party - Chicago/Cook Co.	1	1	\$136,746	\$0
20	Safety	0	0	\$0	\$0
21	Consultant Pre-Awards	4	4	N/A	N/A
22	Consultant Overhead Audits	7	55	N/A	N/A
23	City/County Agreement Reviews	16	16	\$0	\$0
24	Consultant Proposal Reviews	526	526	\$214,656,102	\$2,719,354
25	Railroad Rate Audits	0	0	N/A	N/A
26	Single Audit Reviews	27	37	\$38,006,647	\$73,968
	<b>TOTALS</b>	<b>870</b>	<b>1,203</b>	<b>\$424,450,151</b>	<b>\$15,542,807</b>

Total Average Savings Per Auditor: \$1,036,187 (Based on the number of auditors employed as of 6/30/04 which was 15)

\* Includes 251 obligations audited under workload reduction guidelines.

Illinois Department of Transportation  
Bureau of Accounting and Auditing  
Audit Section

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**Part II**

**Internal Audit Plan**  
**For**  
**FY 2005 and 2006**

Annual Plan Fiscal Years 2005-2006
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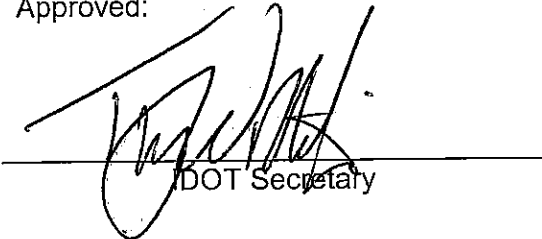
ILLINOIS DEPARTMENT OF TRANSPORTATION  
Bureau of Accounting and Auditing  
AUDIT SECTION

FY 2005 AND 2006 INTERNAL AUDIT PLAN

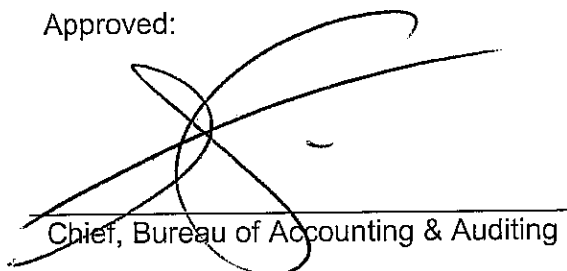
Prepared and Submitted by:

  
Chief of Audits

Approved:

  
DOT Secretary

Approved:

  
Chief, Bureau of Accounting & Auditing

**ILLINOIS DEPARTMENT OF TRANSPORTATION  
Bureau of Accounting and Auditing**

**AUDIT SECTION**

<b>Fiscal Control and Internal Auditing Act of 1989</b>
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The Fiscal Control and Internal Auditing Act of 1989 became effective January 1, 1990. The Act requires that each State agency "establish a full-time program of internal auditing". In addition, the Act stipulates that each agency's internal auditing program include:

1. A two year plan which:
  - a. identifies internal audits scheduled for the pending fiscal year, and
  - b. is approved by the chief executive officer before the beginning of the fiscal year.

By September 30 of each year, the chief internal auditor must submit a written report to the chief executive officer which:

- a. details the accomplishments of the audit plan,
  - b. lists the significant findings noted in audit reports, and
  - c. specifies the extent that recommended changes were implemented.
2. Audits of major internal accounting and administrative control systems conducted on a periodic basis. All major systems must be reviewed at least every two years. Audits must cover:
  - a. obligation, expenditure, receipt and use of public funds of the State and of funds held in trust to determine compliance with laws and regulations, and
  - b. grants received or made by the agency to determine that they are monitored, administered, and accounted for in accordance with applicable laws and regulations.
3. Reviews of the design of major electronic data processing systems and/or major modifications before installation to ensure the systems provide adequate audit trails and accountability.
4. Special audits of operations, procedures, programs, EDP systems, and activities as directed by chief executive officer.

**ILLINOIS DEPARTMENT OF TRANSPORTATION**  
**Bureau of Accounting and Auditing**

**AUDIT SECTION**

**Audit Coverage Criterion**

To ensure sufficient audit coverage of operations, the Department's organizational structure, each office's or division's staff size, and each office's or division's appropriation level must be examined. An analysis of this information helps to identify those areas most critical to the Department and the public. Utilizing this information, the Audit Section can then plan to employ audit resources in the most efficient manner.

Office/Division	Staff Size as of 06/30/04	Percent
Office of the Secretary	15	.24%
Office of the Chief Counsel	27	.43%
Office of Finance and Administration	285	4.59%
Office of Inter-Governmental Affairs	8	.13%
Office of Planning and Programming	143	2.30%
Office of Public Affairs	13	.21%
Office of Quality & Compliance Review	6	.10%
Office of Business & Workforce Diversity	30	.48
Division of Aeronautics	75	1.21%
Division of Highways	5,438	87.57%
Division of Public Transportation	19	.31%
Division of Traffic Safety	151	2.43%
Total	6,210	100.00%

Office/Division	FY 04 Appropriation Level	Percent
Office of the Secretary		
Office of the Chief Counsel		
Office of Finance and Administration	\$280,545,534	3.51%
Office of Intergovernmental Affairs		
Office of Planning and Programming		
Office of Public Affairs		
Office of Quality & Compliance Review		
Division of Aeronautics	\$424,843,711	5.32%
Division of Highways	\$6,314,592,088	79.01%
Division of Public Transportation	\$914,111,508	11.44%
Division of Traffic Safety	\$57,573,717	.72%
Total	\$7,991,666,558	100.00%

**Audit Coverage Criterion - continued**

The revenues received by the Department serve as additional determinants of the Audit Plan. Department revenues are received from a variety of sources with a large portion received from the Federal government (FHWA, FTA, FRA, FAA, NHTSA). The Audit Section must provide sufficient coverage over the receipt and use of public funds. The following table displays the revenues received by IDOT for the 12-month period ended June 30, 2004.

Office/Division	Revenue Received	Percent
Office of the Secretary	\$0	--
Office of the Chief Counsel	\$3,057,836	.21%
Office of Finance and Administration	995,434	.07%
Office of Inter-Governmental Affairs	0	--
Office of Planning and Programming	15,161,658	1.05%
Office of Public Affairs	0	--
Division of Aeronautics	109,711,289	7.59%
Division of Highways	1,270,863,050	87.90%
Division of Public Transportation	20,116,936	1.39%
Division of Traffic Safety	25,865,046	1.79%
Total	\$1,445,771,249	100.00%

Note: In addition to these amounts, the Department also received \$801,296,296 from registration fees. These funds are deposited in the road fund to be used for various IDOT purposes.

**ILLINOIS DEPARTMENT OF TRANSPORTATION  
Bureau of Accounting and Auditing**

**AUDIT SECTION**

**Methodology and Approach for Audit Services**

With the consolidation and transfer of the responsibility for the internal audit function to the Illinois Office of Internal Audit, IDOT's audit responsibility has shifted from providing detailed internal audit coverage of departmental internal controls to providing primarily contract and cost audit coverage to all of IDOT's various programs. Audit coverage will be retained in the areas of contract costs and operational documentation reviews of construction contracts. The Audit Section will also continue to provide subrecipient monitoring activities to ensure compliance with Federal Single Audit requirements and provide investigative support for the Department with respect to allegations of suspected fraudulent activities involving Department projects or programs. At the request of the Secretary or management, the Audit Section will also provide special reviews and audits as necessary of any and all areas of concern with respect to departmental operations.

The audit coverage provided by the Audit Section will ensure the fiscal integrity of the Department in accordance with all appropriate laws and regulations. The audits scheduled in the Audit Plan will periodically monitor departmental operations relating to the \$8 billion in appropriations and an employee count of 6,210. Audits of the various offices, divisions, and functions are scheduled (in the Audit Plan) with regard to significance, materiality, and relative risk.

Internal Control audits are a vital component of the Audit Plan. They cover financial and compliance issues; they emphasize efficiency, economy, and program effectiveness of the areas under review. Through audit performance, systems of internal accounting and administrative controls are tested. Systems are either validated or corrective action is recommended.

The major internal control areas of the Department (as listed below) have been accorded specific operational audit coverage either on an individual basis or as part of other operational audits of IDOT offices/divisions. The responsibility for providing this audit coverage has been transferred to the Illinois Office of Internal Audit (IOIA). The Audit Section will monitor the efforts of IOIA in providing internal audit coverage of IDOT's major internal control areas as noted below.

1. Revenue Accounting
2. General Accounting
3. Vouchering
4. Obligations
5. Petty Cash
6. Project Monitoring
7. Federal Aid Billing
8. Final Project Vouchering
9. Property and Equipment Inventory
10. Procurement

## **Methodology and Approach for Audit Services - continued**

11. Budgeting
12. Personnel and Payroll
13. Electronic Data Processing
14. Active Contract Construction
15. Final Contract Construction
16. Construction Contractor Prequalification
17. Construction Contract Escrow
18. Consultant Services
19. Construction Cost Estimating
20. Construction Contract Bids and Awards
21. Public Transportation
22. Aeronautics
23. Local Roads and Streets
24. Bridges and Structures

To accomplish the audit objectives specified in the Fiscal Control and Internal Auditing Act of 1989, the IOIA should schedule the following internal control audits for FY 2005.

1. The Act requires that audits of major internal accounting and administrative control systems must include testing of the obligation, expenditure, receipt, and use of public funds of the State and funds held in trust to determine compliance with laws and regulations.

During FY 2005, internal control reviews should be performed by IOIA on all major internal control areas. In addition, audits should be performed by IOIA on the applicable IDOT Petty Cash control areas.

To supplement the internal control audits performed by IOIA during FY 2005, the Audit Section will continue to perform cost audits of the various contracts administered by the Department. Such audits will provide management officials with assurances as to whether IDOT funds were properly expended, monitored, administered and accounted for in accordance with applicable laws and regulations. Cost audits will continue to be performed in the following areas.

1. Planning and Research
2. Consultant Services
3. Aeronautics
4. Public Transportation
5. Supportive Services
6. Rail Freight Assistance
7. Railroads
8. Utilities
9. Other Third Parties

## **Methodology and Approach for Audit Services - continued**

During FY 2005, the Audit Section will continue to perform reviews of subrecipient single audit reports. These single audits are designed to ensure that local governments and non-profit organizations receiving federal funds through IDOT have expended those funds in accordance with appropriate laws and regulations, and that their internal control systems are sufficient to ensure sound fiscal operations. A-133 reviews will cover the following subrecipients funded by:

1. (FHWA) Metropolitan Planning Organizations
  2. Rail Freight (FRA)
  3. Noise Abatement (FAA)
  4. Transit Districts (FTA)
  5. Local Government Units (FHWA, FTA and FEMA)
  6. Traffic Safety (NHTSA)
2. The Act requires that "audits of major internal accounting and administrative control systems must include testing of grants received or made by the agency to determine they are monitored, administered, and accounted for according to applicable laws and regulations".

During FY 2005, operational documentation reviews and/or specific cost audits will be performed by the Audit Section in the following control areas:

1. Safety
  2. Planning
  3. Aeronautics
  4. Rail Freight
  5. Public Transportation
  6. Highways
  7. Local Roads and Streets
3. The Act requires that internal control reviews be performed for the "the design of major EDP systems and modifications before installation". This requirement and coverage will be provided by the IOIA.

IOIA should direct its emphasis toward monitoring and working with Bureau of Information Processing personnel and program officials to ensure that new or modified EDP systems of a major nature will meet the needs of the Department and provide adequate audit trails and accountability.

4. The Act specifies the completion of "special audits of operations, procedures, programs, EDP systems, and activities as directed by the CEO".

The Audit Section will continue to remain alert to the audit needs of IDOT management. Special audits of the Department's operations, activities, and procedures will be provided as directed by the Secretary or requested by other management officials.

ILLINOIS DEPARTMENT OF TRANSPORTATION  
Bureau of Accounting and Auditing

AUDIT SECTION

Description of Exhibits

Exhibited in this report are the following schedules which display the audit accomplishments of the internal and operational audit function for FY 2003 and FY 2004; descriptions of internal control systems; FY 2004 internal and operational audit findings and the status of those findings; and the internal and operational audit plans for fiscal years 2005 and 2006.

**Exhibit E - FY 2003/2004/2005/2006 Schedule of Audit Coverage - Internal Control Systems**

Exhibit E displays the twenty-four internal control areas of IDOT. For FY 2003 and FY 2004, the schedule lists the audits performed in each control area. For FY 2005 and FY 2006, the schedule predicts the completion of audit work in the designated control areas.

**Exhibit F - Description of Internal Control Systems**

Exhibit F provides a brief description of each of the twenty-four internal control areas shown in Exhibit E.

**Exhibit G - Major Internal Audit Findings**

Under Article 2, Section 2003, Part A.1 of the Fiscal Control and Internal Auditing Act of 1989, the Audit Section is required to submit a written report which displays the accomplishments of the FY 2004 Internal Audit Plan, the significant findings reported throughout the year, and the extent to which recommendations were implemented. Exhibit G details the status of the major internal audit and operational construction audit findings reported during FY 2004.

**Exhibit H - Estimated vs. Actual Accomplishments For FY 2004**

Exhibit H compares the internal audits that were predicted (in the 2004 Annual Plan) to be completed during FY 2004 to the internal audits actually completed during the fiscal year.

**Exhibit I - FY 2005/2006 Operational Audit Coverage by Organization**

Exhibit I displays the operational audits accomplished, by office/division, during FY 2003 and FY 2004. It also presents the operational audits scheduled for FY 2005 and FY 2006.



**ILLINOIS DEPARTMENT OF TRANSPORTATION**  
**FY 2005 AND 2006 INTERNAL AUDIT PLAN**  
**SCHEDULE OF AUDIT COVERAGE**  
 FCIAA INTERNAL CONTROL SYSTEMS

INTERNAL CONTROL SYSTEM		FY 2003	FY 2004	FY 2005	FY 2006
1.)	REVENUE ACCOUNTING	03-02-031 IC	*	*	*
2.)	GENERAL ACCOUNTING	03-02-031 IC	*	*	*
3.)	VOUCHERING	03-02-031 IC	*	*	*
4.)	OBLIGATIONS	03-02-031 IC	*	*	*
5.)	PETTY CASH	03-02-004	*	*	*
		03-02-007			
		03-02-011			
		03-02-019			
		03-02-031 IC			
		03-02-035			
		03-02-038			
		03-02-042			
		03-02-043			
		03-02-045			
		03-02-046			
		03-02-047			
		03-02-050			
		03-02-052			
		03-02-053			
		03-02-055			
6.)	PROJECT MONITORING	03-02-013 IC	*	*	*
		03-02-026 IC			
7.)	FEDERAL AID BILLING	03-02-013 IC	*	*	*
		03-02-026 IC			
8.)	FINAL PROJECT VOUCHERING	03-02-013 IC	*	*	*
		03-02-026 IC			
9.)	PROPERTY AND EQUIPMENT INVENTORY	03-02-003 IC	*	*	*
		03-02-028 IC			
10.)	PROCUREMENT	03-02-003 IC	*	*	*
		03-02-028 IC			
11.)	BUDGETING	03-02-034 IC	*	*	*

**ILLINOIS DEPARTMENT OF TRANSPORTATION**  
**FY 2005 AND 2006 INTERNAL AUDIT PLAN**  
**SCHEDULE OF AUDIT COVERAGE**  
**FCIAA INTERNAL CONTROL SYSTEMS**

<b>INTERNAL CONTROL SYSTEM</b>		<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
12.)	PERSONNEL AND PAYROLL	03-02-032 IC	*	*	*
13.)	ELECTRONIC DATA PROCESSING	03-02-024 IC	*	*	*
14.)	ACTIVE CONTRACT CONSTRUCTION	03-02-006 IC	*	*	*
		03-02-030 IC			
15.)	FINAL CONTRACT CONSTRUCTION	03-02-006 IC	*	*	*
		03-02-030 IC			
16.)	CONSTRUCTION CONTRACTOR PREQUALIFICATION	03-02-006 IC	*	*	*
		03-02-030 IC			
17.)	CONSTRUCTION CONTRACT ESCROW	03-02-006 IC	*	*	*
		03-02-030 IC			
18.)	CONSULTANT SERVICES	03-02-001 IC	*	*	*
		03-02-029 IC			
19.)	CONSTRUCTION COST ESTIMATING	03-02-001 IC	*	*	*
		03-02-029 IC			
20.)	CONSTRUCTION CONTRACT BIDS AND AWARDS	03-02-001 IC	*	*	*
		03-02-029 IC			
21.)	PUBLIC TRANSPORTATION ADMINISTRATION	03-02-040 IC	*	*	*
22.)	AERONAUTICS ADMINISTRATION	03-02-033 IC	*	*	*
23.)	LOCAL ROADS AND STREETS	03-02-009 IC	*	*	*
		03-02-037 IC			
24.)	BRIDGES AND STRUCTURES	03-02-002 IC	*	*	*
		03-02-022 IC			

**ILLINOIS DEPARTMENT OF TRANSPORTATION**  
**FY 2005 AND 2006 INTERNAL AUDIT PLAN**  
**SCHEDULE OF AUDIT COVERAGE**  
**FCIAA INTERNAL CONTROL SYSTEMS**

INTERNAL CONTROL SYSTEM		FY 2003	FY 2004	FY 2005	FY 2006
***	DEPARTMENT'S FCIAA REPORT	03-02-005 DC	04-02-015 DC	*	*
		03-02-008 IC			
		03-02-010 IC			
		03-02-012 IC			
		03-02-016 IC			
		03-02-017 IC			
		03-02-018 IC			
		03-02-027 IC			
		03-02-036 IC			
		03-02-041 DC			
		03-02-044 IC			
		03-02-048 IC			
		03-02-051 IC			

\* : The responsibility for internal audit coverage has been transferred to the Illinois Office of Internal Audit (IOIA).  
 All Organizations previously scheduled for internal audit coverage will now receive internal audit coverage performed by IOIA.

**Illinois Department of Transportation****Description of Internal Control Systems****1. Revenue Accounting**

The Revenue Accounting Sub-unit, Accounts and Finance Section of the Bureau of Accounting and Auditing, is responsible for recording and depositing approximately one billion revenue dollars each fiscal year. Adequate internal controls must exist and be enforced to ensure accurate records, timely reporting, and compliance with statutes.

**2. General Accounting**

The General Accounting Sub-unit, Accounts and Finance Section of the Bureau of Accounting and Auditing, is responsible for the preparation and presentation of the Department's financial information. Adequate internal controls must exist and be enforced to ensure accurate records, timely reporting, and compliance with the Comptroller's Statewide Accounting Management System.

**3. Vouchering**

Although the Department's vouchering activities are performed at various levels of the organization, the Vouchering Sub-unit, Accounts and Finance Section of the Bureau of Accounting and Auditing, is responsible for monitoring and processing the Department's approximately 150,000 invoices and 130,000 vouchers each fiscal year. Adequate internal controls must exist and be enforced to ensure proper use of invoices and vouchers, proper processing of invoices and vouchers, accurate records, timely reporting, and compliance with the Comptroller's Statewide Accounting Management System and the Illinois Purchasing Act.

**4. Obligations**

Although the Department's obligation activities are performed at various levels of the organization, the Obligations Sub-unit, Accounts and Finance Section of the Bureau of Accounting and Auditing, is responsible for monitoring and processing over 24,000 obligation transactions each fiscal year. Included in the 24,000 transactions are approximately 18,000 contract obligation documents (COD's). Adequate internal controls must exist and be enforced to ensure proper use of COD's, proper processing of COD's, accurate records, timely reporting, and compliance with the Comptroller's Statewide Accounting Management System.

5. **Petty Cash**

The Accounts and Finance Section of the Bureau of Accounting and Auditing is responsible for the Department's Petty Cash activities. The Section ensures proper use and reporting of the Department's petty cash funds. Approximately twelve petty cash funds are maintained throughout the divisions, districts, and bureaus, and approximately \$66,000 is expended through the petty cash system. Adequate internal controls must exist and be enforced to ensure proper establishment of petty cash funds, proper monitoring of petty cash funds, and compliance with the Comptroller's Statewide Accounting Management System and Departmental policies and procedures.

6. **Project Monitoring**

The Project Monitoring Unit, Project Control Section of the Bureau of Accounting and Auditing, is responsible for monitoring projects, closing completed Federal projects, preparing federal aid project agreements and modifications, and preparing various financial reports. Adequate internal controls must exist and be enforced to ensure accurate records, timely reporting, and compliance with statutes.

7. **Federal Aid Billing**

The Federal Aid Billing Unit, Project Control Section of the Bureau of Accounting and Auditing, is responsible for processing bills to the appropriate Federal agency. Each fiscal year, the Unit claims reimbursement in excess of \$700 million. Proper controls are required to ensure timely and accurate billings for all eligible reimbursement.

8. **Final Project Vouchering**

The Final Project Vouchering Unit, Project Control Section of the Bureau of Accounting and Auditing, is responsible for verifying and documenting individual project costs and preparing final vouchers. The Unit submits approximately 660 final vouchers and modifications each year. Submittal of these vouchers results in the release of approximately \$20 million each fiscal year which was then made available for other projects. Adequate controls must ensure that final vouchers are accurate and prepared on a timely basis.

9. **Property and Equipment Inventory**

The Administrative Support Unit, Business Services Section of the Bureau of Accounting and Auditing, is responsible for property and equipment inventory activities. The Unit ensures that internal controls exist and are being enforced for adequate maintenance of the Department's inventory. Each division/office is responsible for the supervision, control, and inventory of the property and equipment under its jurisdiction. However, all inventory activities must be reported to the Administrative Support Unit which maintains the master inventory list. The Department's property and equipment inventory is valued in excess of \$500 million. The Department of Central Management Services (CMS) administers the Property Control Act and has implemented CMS rules for agency compliance with the Act.

10. **Procurement**

Although the Department's procurement activities are performed at various levels within the Agency, the Procurement Unit, Business Services Section of the Bureau of Accounting and Auditing, is primarily responsible for ensuring compliance with the Department of Central Management Services General Procurement Rules, the Illinois State Purchasing Act, and the Department's Procurement of Commodities, Equipment, and Services Manual. The Department expends approximately \$41 million in purchases through the Procurement Unit.

11. **Budgeting**

The Bureau of Budget and Fiscal Management is responsible for forecasting all IDOT revenues and expenditures; managing all IDOT funds; developing, defending, and executing IDOT's total budget; analyzing Departmental programs; performing management reviews; improving the Department's operating efficiency; and acting as financial liaison with the Governor's Bureau of the Budget, the Legislature and commissions.

12. **Personnel and Payroll**

The Bureau of Personnel Management provides staff services for the administration of personnel programs pertaining to all Department employee groups. These programs include employment and placement; organizational analysis; salary administration; and human resource development. Additionally, the Bureau is responsible for administering the Personnel Code and the rules of the Department of Central Management Services.

13. **Electronic Data Processing**

The Bureau of Information Processing provides computer services to the Department. In order to maximize the effectiveness of the Department's resources, provide better information, and increase productivity, the Bureau of Information Processing analyzes management information needs and data relationships; conducts feasibility studies for computer applications; designs, programs, and implements computer systems; provides support for daily operations of systems and maintains their effectiveness; and plans for current and future network management and support.

14. **Active Contract Construction**

The Bureau of Construction, Division of Highways, is responsible for monitoring the construction activities of the Department. The central office Bureau of Construction administers the statewide program and establishes construction policies. The district offices of the Bureau of Construction administer the program on a project basis. Construction internal controls require progress reviews on active construction contracts. The reviews are designed to ensure, that as projects progress, project construction activities and corresponding payments are supported and in accordance with applicable regulations and requirements. The Department annually awards approximately 1,050 new contracts relating to over \$1 billion in appropriated funds. Including new contracts, the Bureau of Construction monitors approximately 1,860 active contracts and over \$3 billion in appropriated funds.

15. **Final Contract Construction**

The Bureau of Construction, Division of Highways, is responsible for monitoring the finalization of construction projects. Construction internal controls require final construction contract documentation reviews be performed in the district office prior to final payment on every contract. The reviews are designed to ensure construction quantities and payments are properly supported in accordance with all applicable State and Federal requirements. The Department finalizes approximately 1,100 contracts per year.

16. **Construction Contractor Prequalification**

The Prequalification Section, Central Bureau of Construction, is responsible for construction contractor prequalification activities. The purpose of the prequalification and rating procedure is to provide the Department with adequate information to evaluate a contractor's ability to undertake and satisfactorily complete any contract awarded. Contractors who wish to submit bids on contracts must be prequalified with the Department. Through prequalification, each contractor receives a financial rating and a work rating. Ratings must meet a minimum level for the contractors to receive a contract (even if they are low bidder). Over 1,000 firms are prequalified with the Department.

17. **Construction Contract Escrow**

The Administrative Control Section, Central Bureau of Construction, is responsible for the construction contract escrow activities of the Department. In accordance with the Standard Specifications for Road and Bridge Construction, the Department must retain a percentage amount of contractor payments in escrow until the project is satisfactorily completed and accepted by the Department. The Department annually awards approximately 1,050 new contracts and, including new contracts, monitors approximately 1,900 active contracts.

18. **Consultant Services**

The Consultant Services Unit, Operations Section of the Bureau of Design and Environment, prequalifies architectural/engineering consultants; implements selection and evaluation procedures which include ranking of firms for specific projects; and prepares contracts for consultant services. Approximately 360 consultants are prequalified as architectural/engineering consultants and approximately 350 agreements/modifications are negotiated each year.

19. **Construction Cost Estimating**

The Estimates Unit, Plans and Contracts Section of the Bureau of Design and Environment, is responsible for the Department's construction cost estimating activities. The Estimates Unit determines the official state estimate for all projects offered for letting by the Division of Highways; analyzes bids received on lettings; and makes disposition recommendations to the awards committee. The department awards approximately 1,050 contracts each year. Before a low bid is accepted, it must be compared to the Department's estimate to ensure it is reasonable and acceptable.



20. **Construction Contract Bids and Awards**

The Project Management Unit, Plans and Contracts Section of the Bureau of Design and Environment, is responsible for the construction contract bids and awards activities. The Unit processes the service bulletins for highway lettings; conducts bid openings; prepares contract documents, bonds, award letters, and rejection letters; and maintains documentation for all lettings. The Department holds approximately 8 construction contract lettings each year.

21. **Public Transportation**

The Division of Public Transportation is responsible for the public transportation grant administration activities of the Department. The Division develops, evaluates, and administers the Department's capital, operating, and technical grant programs which are designed to provide improved transportation services for the entire State. The objective of the Division is to provide safe and efficient mass transportation systems and services in the State. The Division administers a program amounting to more than \$250 million.

22. **Aeronautics**

The Division of Aeronautics is responsible for the aeronautics administration activities. The Division's primary goal is to provide integrity to air transportation missions, objectives, and activities within the Department. The responsibilities include providing financial and advisory assistance to public airport sponsors for the planning, construction, extension, development, and improvement of airport facilities including acquisition of land for clear zones and approach aids. The annual airport improvement program amounts to approximately \$210 million. The Division provides assistance to 124 open-to-public airports, 654 restricted landing areas, and 273 heliports. Included is the Chicago O'Hare International Airport which is used by approximately 30 million passengers annually.

23. **Local Roads and Streets**

The Bureau of Local Roads and Streets is responsible for assisting, guiding, and directing local government agencies in the accomplishment of highway, street and transportation activities. This includes establishing street and highway design standards, policies, and procedures for the distribution and expenditure of Federal and State funds; assisting in planning, financing, design, construction and maintenance; integrating local agency programs and projects with IDOT programs; and monitoring Departmental relations with local agencies. The Bureau is also responsible for maintaining the Road and Bridge and Other Related Laws of Illinois manual; implementing a continuing program for the inventory, inspection, rating, design, construction and maintenance of local agency bridges; and administering the use of Motor Fuel Tax funds.

24. **Bridges and Structures**

The Bureau of Bridges and Structures is responsible for developing the structural design policies and practices of IDOT. The Bureau provides detailed planning and design of highway structures; develops bridge standards; performs preliminary engineering; prepares highway structure plans; conducts special bridge and structure studies; and inspects structural steel.

# **EXHIBIT G**

## **2004 INTERNAL AUDIT AND OPERATIONAL CONSTRUCTION AUDIT FINDINGS**

# **PETTY CASH AUDITS**



# Illinois Department of Transportation

Office of Finance and Administration  
2300 South Dirksen Parkway / Springfield, Illinois / 62764

TO: Andy Gordon, Acting Chief  
Bureau of Accounting & Auditing

FROM: Ronald J. McKechn, Chief of Audits  
Bureau of Accounting & Auditing

SUBJECT: Summary of CY 2002 Petty Cash Audits

DATE: July 2, 2003

AUDIT REPORT NO.: 04-02-003

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## I. INTRODUCTION

Under authority provided by 30 ILCS 105/13.3, the Illinois Department of Transportation initiated the use of petty cash funds within various bureaus, divisions, and offices. These funds, located throughout the Department in Central and District offices, were established for the purpose of purchasing such items as commodities, equipment, payment of postage due, and other nominal expenditures which cannot be administered economically and efficiently through customary procurement practices.

The purpose of this report is to provide a summary of the results of our petty cash audits.

## II. SCOPE OF AUDITS

SAMS 09.10.40 states "The Petty Cash Internal Control Certifications (Form C-86) must be completed, as a minimum, biennially (once every two years) for each petty cash fund which has been established for one year".

We reviewed the petty cash activities of all IDOT petty cash funds and change funds for the 12-month period of January 1, 2002 through December 31, 2002 or the 24-month period of January 1, 2001 through December 31, 2002, whichever is applicable. A calendar year basis was used rather than a fiscal year basis to correspond with the SAMS petty cash usage report which is based on a calendar year.

Our audits included a review of the validity and accuracy of the claims and reimbursements made. Examination was made of invoices, canceled checks, bank statements, usage reports, reimbursement vouchers, and other evidence supporting the petty cash fund activities.

The 14 funds audited were as follows:

Petty Cash Funds		Audit Report No.
1.	Division of Aeronautics	03-02-019
2.	Chicago Area Transportation Study	03-02-035
3.	District 1	03-02-055
4.	District 2	03-02-053
5.	District 6	03-02-052
6.	District 7	03-02-043
7.	District 8	03-02-047
8.	District 9	03-02-042
9.	Bureau of Information Processing	03-02-050
10.	Bureau of Operations/Day Labor Section	03-02-007
11.	Office of Planning & Programming	03-02-045
12.	Division of Public Transportation	03-02-038
Change Funds		
13.	Bureau of Administrative & Facility Services/ Records & Supply Unit, Map Sales	03-02-046
14.	Division of Highways/Weight Enforcement Unit, Vehicle Permit Sales	04-02-002

Our audits were designed to provide reasonable, but not absolute, assurance that the financial operations were properly conducted, the financial data and claims were presented fairly and accurately, the activities were in compliance with applicable laws and regulations, and internal controls have been established to meet the objectives of the petty cash system.

The auditors are required to exercise due professional care in performing audits. In doing so, the audit procedures were designed and the audit conducted to ensure that auditors were alert to the possibility of wrongdoing, errors and omissions, inefficiency, waste, ineffectiveness and conflict of interest. The auditors were also cognizant of conditions and activities where irregularities are most likely to occur.

Our audits were conducted in accordance with the Institute of Internal Auditor's Standards for Internal Audits. Our examinations included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

**III. OPINION**

Except as noted in the "Results of Audit" Section of this report, it is our opinion that our audits of the petty cash activities within the areas identified below provide reasonable assurance that:

1. The financial operations were properly conducted.
2. The financial data and claims were presented fairly and accurately.
3. The activities were in compliance with applicable laws and regulations.
4. The internal controls were adequate to meet the objectives of the petty cash system.

**IV. STATUS OF PRIOR AUDIT FINDINGS:**

Our review of petty cash activities for the current audit period included a review of all prior audit findings. The status of the prior findings are as follows:

AREA	FINDING	STATUS
Division of Aeronautics	Petty Cash Fund Turnover Rate	Not Repeated
	Reimbursement Voucher Approval	Not Repeated
District 1	Missing Bank and Fund Reconciliations	Repeated/Revised
District 2	Petty Cash Fund Turnover Rate	Not Repeated
Division of Highways/Weight Enforcement Unit	Missing Change Fund Documentation	Repeated/Revised
Division of Highways/Weight Enforcement Unit	Sales Receipt Deposits	Not Repeated

**V. RESULTS OF AUDIT**

The following is a listing of each of the 14 funds and the results of the petty cash audits.

**1.) DIVISION OF AERONAUTICS**

No Findings Noted.

2.) CHICAGO AREA TRANSPORTATION STUDY

No Findings Noted.

3.) DISTRICT 1

Finding 1

BANK AND FUND RECONCILIATIONS

Fund reconciliations were not performed during calendar years 2001 and 2002 nor were bank reconciliations reviewed by supervisory personnel during calendar years 2001 and 2002.

We randomly selected five months to verify that the monthly bank and fund reconciliations were performed as required by the IDOT Petty Cash Fund Policies and Procedures. Five of the five bank statements did not have the reconciliation attached. Five of the five bank statement reconciliations were not reviewed by supervisory personnel. We then expanded the testing and found that the fund reconciliations for calendar years 2001 and 2002 were not completed. We also found that bank statement reconciliations for calendar years 2001 and 2002 were not reviewed by supervisory personnel.

According to the IDOT Petty Cash Fund Policies and Procedures, "a bank reconciliation must be performed, initialed and dated by the preparer on a monthly basis. A supervisor must review the reconciliation in a timely manner and the review documented with the reviewer's signature and date of review." The procedures also require that a "fund reconciliation be performed each time fund reimbursement is requested. However, for high volume funds requiring frequent reimbursements per month, a single monthly fund reconciliation will meet this requirement. A supervisor must review the completed reconciliation in a timely manner and the review must be documented with the reviewer's signature and date of review."

Recommendation

We recommend that the custodian ensure that a bank and fund reconciliation is performed no less than monthly, and the reconciliation is attached to the bank statement. Furthermore, both the fund and bank statement reconciliations require supervisory approval and the review documented with the reviewer's signature and date of review.



**District Response**

We agree with the auditor's finding. At the current time, the division of labor is as follows: the custodian prepares and signs the checks and the Financial Services Manager reconciles the checkbook and the bank statements. In addition, a vacant supervisory position has been filled in this unit which will enable us to have a more consistent review process.

4.) **DISTRICT 2**

No Findings Noted.

5.) **DISTRICT 6**

No Findings Noted.

6.) **DISTRICT 7**

No Findings Noted.

7.) **DISTRICT 8**

No Findings Noted.

8.) **DISTRICT 9**

No Findings Noted.

9.) **BUREAU OF INFORMATION PROCESSING**

No Findings Noted.

10.) **BUREAU OF OPERATIONS - DAY LABOR SECTION**

No Findings Noted.

11.) **OFFICE OF PLANNING & PROGRAMMING**

No Findings Noted.

12.) DIVISION OF PUBLIC TRANSPORTATION

No Findings Noted.

CHANGE FUNDS:

13.) BUREAU OF ADMINISTRATIVE & FACILITY SERVICES -  
RECORDS & SUPPLY UNIT, MAP SALES

No Findings Noted.

14.) DIVISION OF HIGHWAYS - WEIGHT ENFORCEMENT UNIT,  
VEHICLE PERMIT SALES

Observation 1

MISSING CHANGE FUND DOCUMENTATION

During our current audit period of January 1, 2001 through December 31, 2002, we found deficiencies in Weight Enforcement Unit-Vehicle Permit Sales documentation.

We found the following documentation was not available: the 2001 Accounting Mail and Walk-in Journal for Operations/Permits and the cash deposits for 2001 and 2002. The prior year change fund audit (03-02-004) also noted problems with 2001 documentation, but 2002 documents were available. The current audit disclosed the 2002 accounting log was available; but documentation for the deposits was not retained. We were informed that since the external auditors do not ask for the deposits, the Weight Enforcement Unit did not consider them to be required documentation.

We found two pre-numbered pages of the 2002 Accounting Mail and Walk-In Journal for Operations/Permits were missing. They were numbered 81 through 100 and 140 through 160. No documentation was available to determine whether the pages had been voided or not used.

We reviewed the Accounting Mail and Walk-in Journal for Operations/Permits and determined the possible dates for the missing pages. We determined that January 29, 2002 was the date for pages 81-100 and February 8, 2002 was the date for pages 140-160. Actual deposits for the dates were obtained. Because not all cash and checks received by the Permit's Section are logged into the 2002 Accounting Mail and Walk-in Journal, we could not ascertain whether all the listed checks were from the missing pages.

We verified Permit's 2002 deposits with the Department's Accounts and Finance documentation. The same source was available for the 2001 deposits; but Permit's 2001 Accounting Mail and Walk-In Journal for Operation/Permits was not available.

The "Change Fund Witness Form", which is used to verify the \$100 change fund and the cash receipts, was reviewed. No problems were noted in these areas.

IDOT Record Retention Policy requires transmittal schedules and forms, invoices or billings, routing slips, and pertinent correspondence and memoranda to be retained in the office for two fiscal years and then transferred to the State Records Center for an additional four fiscal years. The policy further states that all duplicates of the above records are to be maintained in the office until all audits (federal and state) have been completed under the supervision of the Auditor General, if necessary, then disposed of providing no litigation is pending nor anticipated.

#### **Recommendation**

We recommend the Weight Enforcement Unit ensure all the required documentation is retained in accordance with IDOT Record Retention Policy.

#### **Bureau Response**

The Weight Enforcement Unit will ensure that pertinent records be held in the office for two years before transfer to the State Records Center. Duplicates of records will be held until state and federal audits are completed.

#### **Observation 2**

##### **SEPARATION OF DUTIES-INTERNAL CONTROL**

Our review of the Weight Enforcement Unit-Vehicle Permit Sales disclosed one individual, an Account Tech, received and deposited cash, checks and credit card charges during calendar year 2001 totaling \$13,537,269.01 and for calendar year 2002 totaling \$13,718,103.70 for a combined total of \$27,255,372.71. Of the total, \$2,371,222.75 was credit card charges. The credit card charges, originated by the Department's permit writers, are deposited by the Account Tech based on a Transaction Report by Status. The remaining permits are walk-in customer's cash or vendor's checks. Cash and checks, which totaled \$24,884,149.96, were also deposited by the Account Tech.

During the time of the audit, one person was receiving and depositing the cash and checks. Also, our review of the individual deposits disclosed no supervisory review or approval.

Our review of the Fiscal Control And Internal Auditing Act, Bureau of Operations audit 03-02-0181C dated April 15, 2003, noted a finding on segregation of duties, "Need for Segregation of Duties Regarding Receivable Processing."

Departmental Order 7-2, Chapter 1 sub 3 of the Revenue Accounting Procedures Manual discusses the responsibility of providing for a proper separation of duties. "Work should be assigned in such a fashion that no one individual controls all phases of an activity or transaction, thereby, creating a situation that permits errors or irregularities to go undetected.

#### Recommendation

We recommend that the Weight Enforcement Unit ensure that separate individuals receive and make deposits of cash and checks. We also recommend that supervisory approval is documented on all deposits.

#### Bureau Response

Currently, staff is not available that would allow the bureau to meet the reports' recommendation.

If staffing levels change, we will consider this recommendation.

This report was prepared for the use of IDOT. Final determinations establishing the official position of IDOT on the matters reported herein are made by appropriate IDOT officials.

If there are any questions or if additional information is needed, please contact me at 217/782-5148.

  
Ronald J. McKeahan  
Chief of Audits

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cc:  
Pat Olson, Acting Manager, Accounts & Finance Section



# Illinois Department of Transportation

Office of Finance and Administration  
2300 South Dirksen Parkway / Springfield, Illinois / 62764

TO: Daniel W. Hynes, Comptroller  
State of Illinois

FROM: Ronald J. McKechn, Chief of Audits  
Bureau of Accounting and Auditing

SUBJECT: 2002 Petty Cash Audits

DATE: July 2, 2003

In order to comply with the requirements listed in the 1996 Illinois Compiled Statutes (30 ILCS 105/13.3), which requires the audit of petty cash and change funds, at a minimum, on a biennial basis, we have performed an audit of the following areas for the period of January 1, 2002 through December 31, 2002:

1. Division of Aeronautics
2. Chicago Area Transportation Study
3. District 1
4. District 2
5. District 6
6. District 7
7. District 8
8. District 9
9. Bureau of Information Processing
10. Bureau of Operations\Day Labor Section
11. Office of Planning & Programming
12. Division of Public Transportation
13. Bureau of Administrative & Facility Services/Records & Supply Unit, Map Sales
14. Division of Highways/Weight Enforcement Unit, Vehicle Permit Sales

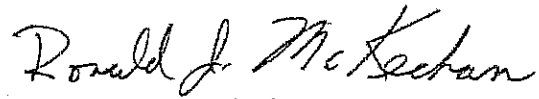
Daniel W. Hynes, Comptroller

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July 2, 2003

We have included a copy of Audit Report 04-02-003 summarizing the results of the CY 2002 petty cash audits as well as copies of the CY 2002 petty cash audits. As requested, we have also included our Petty Cash Internal Control Certifications for each petty cash fund.

If there are any questions or if additional information is needed, please contact Dave Fischer at 217-782-5148.



Ronald J. McKeachan  
Chief of Audits

RJM:DF:SK:jmb

cc:  
Permanent File



# Illinois Department of Transportation

Office of Finance and Administration  
2300 South Dirksen Parkway / Springfield, Illinois / 62764

TO: Rich Telford, Chief of Weight Enforcement Unit  
Bureau of Operations

FROM: Ronald J. McKechn, Chief of Audits  
Bureau of Accounting and Auditing

SUBJECT: 2001/2002 Biennial Petty Cash Change Fund Audit  
Bureau of Operations  
Weight Enforcement Unit - Vehicle Permit Sales

DATE: June 25, 2003

AUDIT REPORT NO. 04-02-002

## INTRODUCTION

Under authority provided by 30 ILCS 105/13.3, the Illinois Department of Transportation initiated the use of two petty cash change funds within the Department's Central Office. One of these funds was established in the amount of \$100 within the Weight Enforcement Unit of the Bureau of Operations to make change for individuals who wish to purchase overweight/oversize vehicle permits but do not have the exact change. The Department's other change fund was established in the amount of \$50 within the Records & Supply Unit of the Bureau of Administrative and Facility Services for individuals who wish to purchase road maps.

## SCOPE OF AUDIT

We reviewed the petty cash change fund activities within the Weight Enforcement Unit of the Bureau of Operations for the 24-month period from January 1, 2001 through December 31, 2002. Our audit included a count of the change fund, a review of the cash counts conducted throughout the audit period, and other evidence supporting petty cash change fund activities.

Our audit was designed to provide reasonable, but not absolute, assurance that the activities were in compliance with applicable laws and regulations, and internal controls have been established to meet the objectives of the petty cash change fund.

The auditors are required to exercise due professional care in performing audits. In doing so, the audit procedures were designed and the audit conducted to ensure that auditors were alert to the possibility of wrongdoing, errors and omissions, inefficiency, waste, ineffectiveness and conflict of interest. The auditors were also cognizant of conditions and activities where irregularities are most likely to occur.

Our audit was conducted in accordance with the Institute of Internal Auditor's Standards for Internal Audits. Our examinations included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

### **OPINION**

Except as noted in the "Results of Audit" Section of this report, it is our opinion that our audit of the petty cash change fund activities within the Weight Enforcement Unit of the Bureau of Operations for the 24-month period from January 1, 2001 through December 31, 2002, provides reasonable assurance that:

1. Activities were in compliance with applicable regulations.
2. The internal controls were adequate to meet the objectives of the petty cash change fund.

### **STATUS OF PRIOR AUDIT FINDINGS**

Our review of petty cash change fund activities for the current audit period included a review of prior audit findings. Two findings were reported in Audit Report 03-02-004. The current status of these findings is noted below.

Title	Status
Missing Change Fund Documentation	Repeated/Revised
Sales Receipt Deposits	Not Repeated



## RESULTS OF AUDIT

### Observation 1

#### MISSING CHANGE FUND DOCUMENTATION

During our current audit period of January 1, 2001 through December 31, 2002, we found deficiencies in Weight Enforcement Unit-Vehicle Permit Sales documentation.

We found the following documentation was not available: the 2001 Accounting Mail and Walk-in Journal for Operations/Permits and the cash deposits for 2001 and 2002. The prior year change fund audit (03-02-004) also noted problems with 2001 documentation; but 2002 documents were available. The current audit disclosed the 2002 accounting log was available; but documentation for the deposits was not retained. We were informed that since the external auditors do not ask for the deposits, the Weight Enforcement Unit did not consider them to be required documentation.

We found two pre-numbered pages of the 2002 Accounting Mail and Walk-In Journal for Operations/Permits were missing. They were numbered 81 through 100 and 140 through 160. No documentation was available to determine whether the pages had been voided or not used.

We reviewed the Accounting Mail and Walk-in Journal for Operations/Permits and determined the possible dates for the missing pages. We determined that January 29, 2002 was the date for pages 81-100 and February 8, 2002 was the date for pages 140-160. Actual deposits for the dates were obtained. Because not all cash and checks received by the Permit's Section are logged into the 2002 Accounting Mail and Walk-in Journal, we could not ascertain whether all the listed checks were from the missing pages.

We verified Permit's 2002 deposits with the Department's Accounts and Finance documentation. The same source was available for the 2001 deposits; but Permit's 2001 Accounting Mail and Walk-In Journal for Operation/Permits was not available.

The "Change Fund Witness Form", which is used to verify the \$100 change fund and the cash receipts, was reviewed. No problems were noted in these areas.

IDOT Record Retention Policy requires transmittal schedules and forms, invoices or billings, routing slips, and pertinent correspondence and memoranda to be retained in the office for two fiscal years and then transferred to the State Records Center for an additional four fiscal years. The policy further states that all duplicates of the above records are to be

maintained in the office until all audits (federal and state) have been completed under the supervision of the Auditor General, if necessary, then disposed of providing no litigation is pending nor anticipated.

### Recommendation

We recommend the Weight Enforcement Unit ensure all the required documentation is retained in accordance with IDOT Record Retention Policy.

### Bureau Response

The Weight Enforcement Unit will ensure that pertinent records be held in the office for two years before transfer to the State Records Center. Duplicates of records will be held until state and federal audits are completed.

### Observation 2

#### SEPARATION OF DUTIES-INTERNAL CONTROL

Our review of the Weight Enforcement Unit-Vehicle Permit Sales disclosed one individual, an Account Tech, received and deposited cash, checks and credit card charges during calendar year 2001 totaling \$13,537,269.01 and for calendar year 2002 totaling \$13,718,103.70 for a combined total of \$27,255,372.71. Of the total, \$2,371,222.75 was credit card charges. The credit card charges, originated by the Department's permit writers, are deposited by the Account Tech based on a Transaction Report by Status. The remaining permits are walk-in customer's cash or vendor's checks. Cash and checks, which totaled \$24,884,149.96, were also deposited by the Account Tech.

During the time of the audit, one person was receiving and depositing the cash and checks. Also, our review of the individual deposits disclosed no supervisory review or approval.

Our review of the Fiscal Control And Internal Auditing Act, Bureau of Operations audit 03-02-018IC dated April 15, 2003, noted a finding on segregation of duties, "Need for Segregation of Duties Regarding Receivable Processing."

Departmental Order 7-2, Chapter 1 sub 3 of the Revenue Accounting Procedures Manual discusses the responsibility of providing for a proper separation of duties. "Work should be assigned in such a fashion that no one individual controls all phases of an activity or transaction, thereby, creating a situation that permits errors or irregularities to go undetected.

**Recommendation**

We recommend that the Weight Enforcement Unit ensure that separate individuals receive and make deposits of cash and checks. We also recommend that supervisory approval is documented on all deposits.

**Bureau Response**

Currently, staff is not available that would allow the bureau to meet the reports' recommendation.

If staffing levels change, we will consider this recommendation.

This report was prepared for the use of IDOT. Final determinations establishing the official position of IDOT on the matters reported herein are made by appropriate IDOT officials.

If there are any questions or if additional information is needed, please contact Larry Blum or David Fischer at 217-782-5148.



Ronald J McKeachan  
Chief of Audits

RJM:LB:jmb

cc:

Andrew Gordon, Acting Chief, Bureau of Accounting and Auditing  
Joseph S. Hill, Chief, Bureau of Operations



# Illinois Department of Transportation

Office of Finance and Administration  
2300 South Dirksen Parkway / Springfield, Illinois / 62764

TO: Rich Telford, Chief of Weight Enforcement Unit  
Division of Highways

FROM: Ronald J. McKechnan, Chief of Audits  
Bureau of Accounting & Auditing

SUBJECT: 2001/2002 Biennial Petty Cash Change Fund Audit  
Division of Highways

DATE: June 25, 2003

Attached for your information and use is a copy of Audit Report No. 04-02-002, as prepared by Larry Blum covering the review of the petty cash activities within the Bureau of Operations Weight Enforcement Unit-Vehicle Permit Sales. As reflected by the report, you are substantially complying with all tested petty cash policies and procedures, and we believe this demonstrates the quality of personnel that you have on staff.

We understand the inconvenience that reviews can cause, and we appreciate the cooperation that we received from your staff. If you have any questions, please contact Larry Blum or David Fischer at 217/782-5148.

Ronald J McKechnan  
Chief of Audits

RJM:LB:jmb

# **ACTIVE CONSTRUCTION AUDITS**

## **Findings**

03-06-059 JT/District 6 - #72299

### **Observation 1**

#### **EMPLOYEE SPOT INTERVIEWS**

Documentation of employee spot interviews was not located in the project records or the district EEO files. The job, a federal-aid project, started on 8/28/02 and our review was on 5/20/03. At least one employee spot interview should have been performed as of the date of our review.

According to the Construction Memorandum 02-14 and 03-14 (Labor Compliance), systematic spot interviews are to be made by the resident, or the labor compliance representative, with the employees of the contractor and subcontractors on the job to establish that the minimum wage and other labor standards of the contract are being fully complied with and that there is no misclassification of labor or disproportional employment of apprentices. Form BC-163 has been developed to record such employee interviews. Construction Memorandum 02-14 states the reports of employee spot interviews should be retained in the project files and 03-14 revises the report retention location to be the EEO/labor compliance representative's files.

Although there is no prescribed time or interval for making employee interviews, it is suggested that such interviews be made shortly after the contractor begins work and thereafter at least once every six months on each federal-aid project on which wage rates have been determined by the U.S. Department of Labor.

### **Recommendation**

We recommend that district personnel and the resident ensure that employee spot interviews are performed and documented in accordance with IDOT Bureau of Construction policy.

### **District Response**

We agree with your findings and recommended action.

03-06-060 JT/District 6 - #93330

**Observation 1**

**DAILY DIARY**

The weather, controlling item, number of persons working, traffic control inspections, field engineer visits, and operations of each contractor were not documented in the diary as required by the IDOT Construction Manual. There was limited information documented as to the daily activities of the job for a large part of the diary.

According to the Documentation Section of the IDOT Construction Manual, the project diary is one of the most essential records kept on the job. A partial list of items to be noted in a project diary is:

1. Weather.
2. Progress Schedule Controlling Item of Work and actual work done by the contractor's forces during each day.
3. Number of persons working.
4. Working days charged and reason for partial or non-working days.
5. Traffic control inspections and changes.
6. Important orders or discussions with the contractor.
7. Official visitors and inspections.
8. Opening or closing detours, lane closures, changes in lane closures.
9. Work or materials rejected and reason.
10. Time of shutting down or resuming of work and explanations.
11. Account of any time spent by the contractor's workers or equipment on disputable items of work.
12. The presence of railroad flaggers and whether the contractor is to be reimbursed for their services.
13. Length and cause of any delay.
14. Arrival and departure of major equipment.
15. Record of important faxes and telephone calls.
16. Unusual conditions, if any, such as high water, bridge failures, slides, accidents/injuries, etc.

17. Approval for extra work.

**Recommendation**

We recommend that district personnel and the resident ensure the project diary is completed in accordance with IDOT Bureau of Construction policy.

**District Response**

We agree with your findings and recommended action. We will be working closely with Montgomery County to ensure that all applicable policies and procedures for Documentation of Contract Quantities are being properly supported.

All deficiencies and noted recommendations will be summarized to identify areas that need more attention. All parties which include office staff, residents and local agencies will be made aware of the audit findings and reminded to adhere to IDOT Bureau of Construction policies and procedures for proper Documentation of Contract Quantities.



## **Observation 2**

### **WEEKLY REPORT**

There were no weekly reports located in the job records or at the district office. The resident stated that no weekly reports had been completed and submitted. The project started on 9/23/02 and our review was on 5/21/03.

According to the Forms and Reports Section of the Construction Manual, the weekly report is to be prepared by the resident at the conclusion of work each workweek during the time the work is in progress. The project diary should be used as the primary source of information in preparing the weekly report.

### **Recommendation**

We recommend that district personnel and the resident ensure the weekly reports are completed and submitted in accordance with IDOT Bureau of Construction policy.

### **District Response**

We agree with your findings and recommended action. We will be working closely with Montgomery County to ensure that all applicable policies and procedures for Documentation of Contract Quantities are being properly supported.

All deficiencies and noted recommendations will be summarized to identify areas that need more attention. All parties which include office staff, residents and local agencies will be made aware of the audit findings and reminded to adhere to IDOT Bureau of Construction policies and procedures for proper Documentation of Contract Quantities.

### **Observation 3**

#### **FIELD BOOKS**

The bituminous paving summary was not documented in a field book or Form BC-2529 for 13,260.00 tons of BCBC SUP IL-19.0 N50 (X4066614) valued at \$491,548.20 (\$37.07/ton).

According to the Documentation Section of the IDOT Construction Manual, the use of a field book is required for:

1. Permanent survey records, layout records and cross-sections.
2. PC concrete paving summary or Form BC-2531.
3. Class 1, bituminous concrete paving summary or Form BC-2529.
4. Concrete superstructure pour summary.

#### **Recommendation**

We recommend that district personnel and the resident ensure the required field book entries are documented in accordance with IDOT Bureau of Construction policy.

#### **District Response**

We agree with your findings and recommended action. We will be working closely with Montgomery County to ensure that all applicable policies and procedures for Documentation of Contract Quantities are being properly supported.

All deficiencies and noted recommendations will be summarized to identify areas that need more attention. All parties which include office staff, residents and local agencies will be made aware of the audit findings and reminded to adhere to IDOT Bureau of Construction policies and procedures for proper Documentation of Contract Quantities.

#### **Observation 4**

##### **DEPARTMENT OF AGRICULTURE SCALE INFORMATION**

The Department of Agriculture (DOA) scale information was not located for 322.00 tons of STONE DUMP RIP CL A3 (28100805) valued at \$11,431.00 (\$35.50/ton), 101.00 tons of STONE DUMP RIP CL A4 (28100807) valued at \$4,545.00 (\$45.00/ton), and 626.00 tons of STONE RIPRAP DITCH (28102600) valued at \$20,032.00 (\$32.00/ton).

According to the Documentation Section of the IDOT Construction Manual, the scale must be checked by the Department of Agriculture. Permanent scales are to be checked every 12 months and temporary scales are to be checked at each setup. A check by a DOA-approved commercial scale company will be acceptable if the DOA is unable to provide a current inspection. The date on the decal, identification number on the decal and location of the scale should be recorded in the Quantity Book. No payment is to be made for items measured on an unapproved scale.

#### **Recommendation**

We recommend that district personnel and the resident ensure the Department of Agriculture scale information is documented in accordance with IDOT Bureau of Construction policy.

#### **District Response**

We agree with your findings and recommended action. We will be working closely with Montgomery County to ensure that all applicable policies and procedures for Documentation of Contract Quantities are being properly supported.

All deficiencies and noted recommendations will be summarized to identify areas that need more attention. All parties which include office staff, residents and local agencies will be made aware of the audit findings and reminded to adhere to IDOT Bureau of Construction policies and procedures for proper Documentation of Contract Quantities.

## **Observation 5**

### **EMPLOYEE SPOT INTERVIEWS**

Documentation of employee spot interviews was not located in the project records or the district EEO files. The job, a federal-aid project, started on 9/23/02 and our review was on 5/21/03. At least one employee spot interview should have been performed as of the date of our review.

According to the Construction Memorandum 02-14 and 03-14 (Labor Compliance), systematic spot interviews are to be made by the resident, or the labor compliance representative, with the employees of the contractor and subcontractors on the job to establish that the minimum wage and other labor standards of the contract are being fully complied with and that there is no misclassification of labor or disproportional employment of apprentices. Form BC-163 has been developed to record such employee spot interviews. Construction Memorandum 02-14 states the employee spot interview reports should be retained in the project files and 03-14 revises the retention location of records to be kept in the EEO/labor compliance representative files.

Although there is no prescribed time or interval for making employee interviews, it is suggested that such interviews be made shortly after the contractor begins work and thereafter at least once every six months on each federal-aid project on which wage rates have been determined by the U.S. Department of Labor.

### **Recommendation**

We recommend that district personnel and the resident ensure that the employee spot interviews are performed and documented in accordance with IDOT Bureau of Construction policy.

### **District Response**

We agree with your findings and recommended action. We will be working closely with Montgomery County to ensure that all applicable policies and procedures for Documentation of Contract Quantities are being properly supported.

All deficiencies and noted recommendations will be summarized to identify areas that need more attention. All parties which include office staff, residents and local agencies will be made aware of the audit findings and reminded to adhere to IDOT Bureau of Construction policies and procedures for proper Documentation of Contract Quantities.

## **Observation 6**

### **TRAFFIC CONTROL**

The BT/OPER-725 (Traffic Control Authorization Request) form was not located in the project files or the district office. The BT/BC-726 (Traffic Control Inspection Report) forms were not completed as required by IDOT Bureau of Construction policy. The project started 9/23/02 and our review was 5/21/03. Two daytime traffic control inspections were documented on 10/1/02 and 5/8/03. No traffic control was documented in the daily diary.

According to the Section 700 of the IDOT Construction Manual, the importance of correctly placed and maintained traffic controls in construction work zones cannot be overstressed. This importance does not diminish when the day's activities are completed and the workforce leaves the jobsite. To assure that the required traffic controls are in their proper position and functioning properly during non-working periods, the following actions are required:

1. The resident should drive through the jobsite as his/her first and last duty of the day. Serious deficiencies should be corrected immediately and noted in the diary when cited and when resolved. Minor problems can be corrected as soon as practical.
2. As a minimum, one daytime inspection shall be done weekly for projects having hazards in the work zone, barricades on the pavement, or barricades on the shoulder. Follow-up inspections shall be made within 48 hours for any major deficiencies that are found, and repeated at 48-hour intervals until all major deficiencies are corrected. All inspections shall be recorded on Form BT/BC-726, Traffic Control Inspection Report. When major deficiencies are corrected, a small note stating the correction was made along with date and initials shall be added to the form which cited the deficiency, or in the project diary.
3. Regular nighttime inspections shall be performed by the resident and/or district traffic control supervisor at a minimum of twice per month to assure sign reflectivity, identify light outages and required maintenance of traffic control devices and to confirm clear direction to motorists through the work zones. This review is critical before weekends and/or holiday periods.

The resident for a construction project shall have the primary responsibility for ensuring that the traffic control is established in accordance with the approved plan, adequately maintained and revised, if necessary. The district operations/traffic engineer shall be assigned the responsibility for overall administration of this policy. The district engineer has the primary responsibility to ensure that this policy is carried out within their jurisdiction.

Prior to any activity covered by this policy, Form BT/OPER-725, Traffic Control Authorization Request, should be submitted to and approved by the district operations/traffic engineer.

### **Recommendation**

We recommend that district personnel and the resident ensure that traffic control authorization and inspections are documented in accordance with IDOT Bureau of Construction policy.

### **District Response**

We agree with your findings and recommended action. We will be working closely with Montgomery County to ensure that all applicable policies and procedures for Documentation of Contract Quantities are being properly supported.

All deficiencies and noted recommendations will be summarized to identify areas that need more attention. All parties which include office staff, residents and local agencies will be made aware of the audit findings and reminded to adhere to IDOT Bureau of Construction policies and procedures for proper Documentation of Contract Quantities.

## **Observation 7**

### **QUANTITY BOOK ENTRIES**

Daily entries were not documented in the Quantity Book for the following: 1,403.00 cubic yards of EARTH EXCAVATION (20200100) valued at \$12,267.00 (\$9.00/cu. yd.); 6,551.00 cubic yards of FURNISHED EXCAVATION (20400800) valued at \$52,932.08 (\$8.08/cu. yd.); 54 foot of P CUL CL D1 (542D0220) valued at \$931.50 (\$17.25/ft.); 30 foot of P CUL CL D2 (542D1060) valued at \$762.30 (\$25.41/ft.); and 58 foot of P CUL CL D2 (542D1069) valued at \$1,740.00 (\$30.00/ft.). These pay items were paid for on pay estimate #3.

The following pay items were paid for on pay estimate #4 without being documented in the Quantity Book: 1,705 square yards of FILTER FAB FOR RIPRAP (28200100) valued at \$4,262.50 (\$2.50/sq. yd.) and 37 each of REMOV INLETS (60500060) valued at \$8,880.00 (\$240.00/each).

According to the Documentation Section of the IDOT Construction Manual, for each contract the resident will be issued a Quantity Book in which contract items are to be posted. The Quantity Book is to be considered the keystone of the complete record keeping structure the resident will be building in the field. The daily quantities posted will be referred to when each pay estimate is prepared.

### **Recommendation**

We recommend that district personnel and the resident ensure the Quantity Book is completed in accordance with IDOT Bureau of Construction policy.

### **District Response**

We agree with your findings and recommended action. We will be working closely with Montgomery County to ensure that all applicable policies and procedures for Documentation of Contract Quantities are being properly supported.

All deficiencies and noted recommendations will be summarized to identify areas that need more attention. All parties which include office staff, residents and local agencies will be made aware of the audit findings and reminded to adhere to IDOT Bureau of Construction policies and procedures for proper Documentation of Contract Quantities.

## **Observation 8**

### **INDEPENDENT WEIGHT CHECKS**

Independent weight checks were not located for the placement of 883.21 tons on 10/11/02 and 4,088.61 tons between 10/21/02 and 10/30/02 of BCBC SUP IL-19.0 N50 (X4066614) valued at \$184,305.37 (\$37.07/ton). In addition, no independent weight checks were located for 7,292.90 tons of AGGREGATE SHLDS A (48100100) valued at \$97,579.00 (\$13.38/ton).

According to the Documentation Section of the IDOT Construction Manual, a weekly random check must be performed by a state (or local agency) representative to verify the actual weight of material delivered. Independent weight checks are to be performed as follows:

1. The check weights will be measured on an independent, approved platform scale other than the scale on which the original measurement is performed and not owned or controlled by the contractor or material supplier. The independent scale must be approved, and the DOA decal information is to be recorded in the Quantity Book.
2. Gross and tare weights must be measured and recorded, so that the actual net weight of material can be determined.
3. The independently measured net weight must agree with the weight shown on the tickets within a tolerance of 0.50 percent (bituminous) and 0.70 percent (aggregate).
4. The independent weight check results are to be recorded and placed in the job file available for inspection, with corrective action taken for deviations from tolerance noted.
5. Independent weight checks must be performed at least once per week per scale (this includes any scale and batch weights) when any item is placed for which payment is based on weight tickets. If the same scale is used for several contracts during the week, a weight check performed for any one of the contracts will be sufficient for all of the contracts, as long as a copy of the check is included in the records for each of the projects.

According to the Construction Memorandum 00-08 (Independent Weight Checks and Scale Checks), dated October 1, 2000, the weekly independent weight checks will be documented on Form BC-2367. A copy of the Form BC-2367 will be forwarded to the Central Bureau of Construction and the Office of Quality Compliance and Review.

### **Recommendation**

We recommend that district personnel and the resident ensure independent weight checks are performed and documented in accordance with IDOT Bureau of Construction policy.



**District Response**

We agree with your findings and recommended action. We will be working closely with Montgomery County to ensure that all applicable policies and procedures for Documentation of Contract Quantities are being properly supported.

All deficiencies and noted recommendations will be summarized to identify areas that need more attention. All parties which include office staff, residents and local agencies will be made aware of the audit findings and reminded to adhere to IDOT Bureau of Construction policies and procedures for proper Documentation of Contract Quantities.

03-06-061 JT/District 6 - #72664

### **Observation 1**

#### **INDEPENDENT WEIGHT CHECKS**

Independent weight checks were not located for the placement of 7,608.25 tons of BCSC SUPER IL-9.5 L LE (X4066490) between 11/04/02 and 11/13/02 valued at \$270,321.12 (\$35.53/ton).

According to the Documentation Section of the IDOT Construction Manual, a weekly random check must be performed by a state (or local agency) representative to verify the actual weight of material delivered. Independent weight checks are to be performed as follows:

1. The check weights will be measured on an independent, approved platform scale other than the scale on which the original measurement is performed and not owned or controlled by the contractor or material supplier. The independent scale must be approved, and the DOA decal information is to be recorded in the Quantity Book.
2. Gross and tare weights must be measured and recorded, so that the actual net weight of material can be determined.
3. The independently measured net weight must agree with the weight shown on the tickets within a tolerance of 0.50 percent (bituminous) and 0.70 percent (aggregate).
4. The independent weight check results are to be recorded and placed in the job file available for inspection, with corrective action taken for deviations from tolerance noted.
5. Independent weight checks must be performed at least once per week per scale (this includes any scale and batch weights) when any item is placed for which payment is based on weight tickets. If the same scale is used for several contracts during the week, a weight check performed for any one of the contracts will be sufficient for all of the contracts, as long as a copy of the check is included in the records for each of the projects.

According to the Construction Memorandum 00-08 (Independent Weight Checks and Scale Checks), dated October 1, 2000, the weekly independent weight checks will be documented on Form BC-2367. A copy of the Form BC-2367 will be forwarded to the Central Bureau of Construction and the Office of Quality Compliance and Review.

### **Recommendation**

We recommend that district personnel and the resident ensure independent weight checks are performed and documented in accordance with IDOT Bureau of Construction policy.

**District Response**

We agree with your findings and recommend action.

## **Observation 2**

### **THICKNESS DETERMINATIONS**

Depth checks were not located for 247.66 square yards of BR APPR PAVT (42001165) valued at \$34,821.00 (\$140.60/sq. yd.).

According to the Documentation Section of the Construction Manual, thickness determinations are a Bureau of Construction policy requirement. The use of proper procedures for thickness determinations will significantly reduce the chances for unacceptable work.

The minimum frequency for depth checks is 1 per 250 linear foot for BR APPR PAVT. For BR APPR PAVT, thickness determinations should be documented by before and after cross sections or before and after measurements from an established reference elevation such as a stringline, form line or edge of pavement. Thin pavement will require an adjustment in the contract unit price.

### **Recommendation**

We recommend that district personnel and the resident ensure thickness determinations are performed and documented in accordance with IDOT Bureau of Construction policy.

### **District Response**

We agree with your findings and recommend action.

04-06-001 JT/District 4

**Observation 1**

**CONSTRUCTION MANUAL**

The IDOT 2002 Construction Manual was not located at the field office. The Resident stated the IDOT Construction Manual was available at the county building. The field offices were not equipped with computers to execute the CD-ROM Construction Manual.

According to the memorandum distributed with the IDOT Construction Manual, the IDOT Construction Manual has been revised from its previous edition. All previous editions of this manual are now obsolete. For this manual to be effective it is necessary that it be kept current. Updates will be posted on IDOT's web page under Doing Business with IDOT. Each holder of the Manual is responsible for its updating and condition.

**Recommendation**

We recommend that district personnel and the resident ensure that a current IDOT CD-ROM or hard copy Construction Manual is available for use at every construction project.

**District Response**

The district will continue to stress to our local agency residents the importance of having an up-to-date Construction Manual readily available. The district, during progress reviews, will continue to document non-compliance and direct the resident to comply in the future. Moreover, the district will continue to stress to all local agency residents that addendums are available on IDOT's website and that it is their responsibility to keep the Construction Manual current.

04-06-003 JT/District 4 - #89273

**Observation 1**

**EVIDENCE OF MATERIAL INSPECTION**

The Evidence of Material Inspection was cited incorrectly for 2,253.7 square meters of PCC PVT 200 JOINTED (M4202205) and 1,158.5 meters of COMB CC&G TB15.60 (M6060700).

The Evidence of Material Inspection was recorded as "Approved Source & Tickets" and should be "Plant report and Tickets" according to the Documentation Section of the IDOT Construction Manual. The evidence of inspection required in the Project Procedures Guide should be strictly adhered to for both Progress and Final Documentation and must lead to a verifiable source of information required.

**Recommendation**

We recommend that district personnel and the resident ensure the evidence of inspection is cited in accordance with IDOT Bureau of Construction policy.

**District Response**

The district will continue to ensure that our local agency residents use the correct Evidence of Material Inspection according to the Documentation Section of the IDOT Construction Manual. Moreover, the district will ensure that the Project Procedures Guide is strictly adhered to for both Progress and Final Documentation.

## **Observation 2**

### **THICKNESS DETERMINATION**

Depth checks were not documented as required for 75.6 square meters of PCC PVT 200 JOINTED (M4202205) valued at \$2,861.46 (\$37.85/square meter) and placed on 5/30/03 and 734.4 meters of COMB CC&G TB15.60 (M6060700) valued at \$32,122.66 (\$43.74/meter) and placed on 5/16/03.

According to the Documentation Section of the Construction Manual, thickness determinations are a Bureau of Construction policy requirement. The use of proper procedures for thickness determinations will significantly reduce the chances for unacceptable work.

The minimum frequency for depth checks is 1 per 75 meters for PCC PVT 200 JOINTED and COMB CC&G TB15.60. For PCC PVT 200 JOINTED thickness determinations should be documented by before and after cross sections or before and after measurements from an established reference elevation such as a stringline, form line or edge of pavement. For COMB CC&G TB15.60 thickness may be determined at the edge of pavement, back of curb, slipform template, or any other location at which the thickness of the item can be verified. Thin pavement will require an adjustment in the contract unit price.

### **Recommendation**

We recommend that district personnel and the resident ensure depth checks are performed and documented in accordance with IDOT Bureau of Construction policy.

### **District Response**

The district will continue to ensure that our local agency residents are documenting the required depth checks in accordance with IDOT Bureau of Construction policy, as per the Documentation Section of the Construction Manual.

03-06-062 JT/District 7 - #95327

**Observation 1**

**MISSING FORM BC-2367 (INDEPENDENT TRUCK WEIGHT CHECK)**

We found that independent weight check documentation was included in the project file but none was documented on Form BC-2367 (Independent Truck Weight Check).

IDOT Construction Memorandum 00-08 requires weekly independent weight checks to be documented on Form BC-2367 and forwarded to the Central Office Bureau of Construction and the Office of Quality Compliance and Review.

**Recommendation**

We recommend the district and resident ensure all independent weight checks are performed and documented in accordance with IDOT Construction Manual requirements.

**District Response**

The independent weight check had been performed and documented in the project files and there was not a problem with the weight check. The resident technician had just not had time to fill out the BC-2367 and send it to the Central Office of Construction and the Office of Quality Compliance and Review.



03-06-063 JT/District 7 - #95330

**Observation 1**

**MISSING TONNAGE PAY ITEM PLACEMENT DOCUMENTATION**

We found pay item documentation was incomplete for two of four (50%) pay items listed in tonnage unit of measure. During our review, we found that various placement documentation was missing for the item we tested in tonnage unit of measure. In addition, we found that a prior district progress documentation review finding remained to be corrected pertaining to a different tonnage item tested during their review.

1. No weight ticket(s) was/were included in the project file for 14.1 of 36.5 tons of AGG SURF CSE A (40200100) placed on May 1, 2003 that was valued at \$330.65 (14.1 tons x \$23.45 per ton). The resident also noted that the 14.1 tons was delivered from a stockpile used to establish temporary access.

The 2002 IDOT Construction Manual Documentation Section notes that AGG SURF CSE A may be stockpiled for use to establish temporary access but does require that tonnage item placement documentation include original weight tickets in the project file.

2. Department of Agriculture scale decal information was not included in the Quantity Book for this pay item. As of pay estimate #14 (dated May 27, 2003), payment had been made for this placement (36.5 tons) that was valued at \$855.93 (36.5 tons x \$23.45 per ton).

The April 2002 IDOT Construction Manual Documentation Section states that permanent scales are to be checked(i.e.approved) every 12 months by the Department of Agriculture (DOA) or a DOA-approved commercial scale company and that no payment is to be made for items measured on an unapproved scale.

3. No calculator tape was included in the project file documentation covering the 36.5 ton placement of that item (i.e. AGG SURF CSE A).

In addition, the district progress documentation review dated September 6, 2002 noted that the calculator tape documenting a 51.1 ton placement of AGG BSE CSE A on August 30, 2002 was incomplete (i.e. missing pay item information, etc.) and found this item remained to be corrected as of the date of our review. According to Pay Estimate #14 (covering pay items placed to May 15, 2003), payment had been made for a total of 412.20 tons of that item to that date.

The April 2002 IDOT Construction Manual Documentation Section states that progress documentation must be kept on file to indicate how placement quantity was established. The Documentation Section further requires that final documentation for this pay item include a daily adding machine tape showing the job designation, pay item, date location, net weight, pay weight corrected for moisture, as well as "calculated by" and "checked by" initials and dates.

### **Recommendation**

We recommend that the district and resident ensure required pay item documentation is obtained and included in the project records for all pay item placements in accordance with IDOT Construction Manual Documentation Section requirements.

### **District Response**

1. In the future, the resident engineer will include original weight tickets in the project files.
2. Department of Agriculture scale decal information is now included in the Quantity Book.
3. This has since been corrected.

## **Observation 2**

### **MISSING REQUIRED DEPTH CHECK DOCUMENTATION**

We found required depth check documentation was missing from placement documentation for two of the three (about 67%) pay items tested where such was identified as applicable.

No individual depth checks were included in the project records covering an 867 square foot placement of PCC SDWLK 4 (42400100) on September 26, 2002 and a 231.7 lineal foot placement of COMB CC&G TB6.24 (60605000). We did find that generalized statements as to correct depth were included in the project records ( i.e. 4" thickness vibration screed and Thickness – 8" Flag respectively).

The April 2002 IDOT Construction Manual Documentation Section requires that actual measurements be recorded and notes that blanket statements (e.g. all sidewalk was 100mm (4 inches) or deeper, etc.) are not acceptable.

### **Recommendation**

We recommend that the district and resident ensure depth checks are performed and documented in accordance with IDOT Construction Manual requirements.

### **District Response**

In the future, the resident engineer will not only take, but also record actual depth checks for sidewalk and curb and gutter.

### **Observation 3**

#### **INCOMPLETE QUANTITY BOOK**

We found that the project Quantity Book was generally incomplete.

1. The district's progress documentation review dated September 6, 2002 noted that placement documentation for 6,181 cubic yards of EARTH EXCAV (20200100) on August 1, 2002 was incomplete (i.e. missing either a cross-reference to or documentation of complete calculations used to establish placement quantity). We found this item remained to be corrected as of the date of our review (or project records were otherwise missing an explanation as to why such could not be corrected).

EARTH EXCAV was a Form BC-981 (Agreement on Accuracy of Plan Quantity) item and that the placement tested by the district was valued at \$45,677.59 (6,181 cubic yards x \$7.39 per cubic yard). It should also be noted that another placement of this pay item tested during the course of our review (1,565 cubic yards valued at \$11,565.35) noted no documentation deficiencies. According to pay estimate #14 (covering pay items placed to May 15, 2003) payment had been made for 8,512.90 cubic yards of EARTH EXCAV valued at \$62,910.30 to the date.

The April 2002 IDOT Construction Manual Documentation Section states that progress documentation must be kept on file (preferably on the Inspector's Daily Report or in a field book) to indicate how the placement quantity was established and requires cross reference notes be made in the "Progress Documentation Source" of the Quantity Book.

The Documentation Section further requires that the source of progress documentation column be used to cross reference to the source document and notes that the Quantity Book is the start of the audit trail for all information required to support all progress and final payments for each item.

2. Quantity Book "Progress Documentation Source" and "Evidence of Material Inspection" columns were generally incomplete (e.g. pay items SS RG CL A 1 15, PCC PAVT 8, PC CONC SIDEWALK 4, AGG SURF CSE A ect.).

The April 2002 IDOT Construction Manual Documentation Section states that an entry must be made in the Quantity Book "Evidence of Material Inspection" column each time an entry is made in the "Quantity" column. The Documentation Section further requires that the source of progress documentation column be used to cross reference to the source document and notes that the Quantity Book is the start of the audit trail for all information required to support all progress and final payments for each item.

### **Recommendation**

We recommend that the district and resident ensure each project Quantity Book is completed in accordance with IDOT Construction Manual requirements.

**District Response**

Quantity Book corrections have been made.

#### **Observation 4**

##### **MISSING INITIALS AND DATES**

We found that initials and dates were missing from placement documentation tested for three of the eight (about 37%) pay items tested where such was identified as applicable.

1. "Calculated / measured by" initials and dates were missing from the PCC Paving Daily Record Form documenting a 1642.5 square yard placement of PCC PAVT 8 on April 22, 2003.
2. We found "calculated by" initial(s) and date were missing from the Inspector's Daily Report documenting an 867 square foot placement of PPCC CONC SIDEWALK ON September 26, 2002.
3. "Calculated / measured by" initials and dates were missing from the Inspector's Daily Report documenting a 0.20 unit placement for SD- CELTIS OCCID 2 YBR (F30050Y2) on April 25, 2003.

The April 2002 IDOT Construction Manual Documentation Section states that all documents will include the initials of the person (or persons) who performed each of the tasks involved in inspecting and documenting the work, as well as the date (or dates) each task was performed.

##### **Recommendation**

We recommend that the district and resident ensure appropriate initials and dates are included as a part of all pay item placement documentation in accordance with IDOT Construction Manual requirements.

##### **District Response**

The missing initials and dates have been corrected.

03-06-064 JT/District 7 - #94733

### **Observation 1**

#### **MISSING TRAFFIC CONTROL INSPECTION REPORTS**

We found that only two traffic control inspection reports were included in the project records covering the period April 22, 2003 through May 20, 2003. One was a daytime inspection on May 6, 2003 and the other a nighttime inspection on May 20, 2003.

Section 700 of the IDOT Construction Manual notes that at a minimum, one daytime inspection shall be done weekly for projects having hazards in the work zone, barricades on the pavement, or barricades on the shoulder. The IDOT Construction Manual Forms Section notes these inspections can be performed on either BT or BC-726 in order to meet the requirement.

Section 700 also states that regular nighttime inspection shall be performed by the resident and/or district traffic control supervisor at a minimum of twice per month where applicable to assure sign reflectivity, identify light outages, and confirm clear direction to motorists through the work zones.

### **Recommendation**

We recommend the district and resident ensure that traffic control inspection reports are performed and documented in the project records in accordance with IDOT Construction Manual requirements.

### **District Response**

The resident engineer was reminded of the importance of traffic control inspections and the need to fill out the BC-726 form.

## **Observation 2**

### **MISSING MATERIAL ALLOWANCE PROOF OF PAYMENT DOCUMENTATION**

Project records were missing proof of payment documentation (due February 24, 2003) for \$32,604.00 in F&E STRUC STEEL that had been placed under allowance on pay estimate #3 covering pay items placed to December 16, 2002. We did find that the project records included a copy of a \$57,200.00 supplier invoice for fabricated steel to the contractor in support of the \$32,504.00 approved for allowance (but no contractor payment documentation).

The Quantity Book identified placement of this material was completed on May 7, 2003 with a placement of \$47,310.00 that resulted in total pay item placement of \$83,000.00 in lump sum unit of measure. In accordance with that placement, Form BC-131 (Statement of Material Allowance) was submitted with pay estimate #10 (covering pay items placed to May 22, 2003) to remove the dollar amount of material under allowance.

The April 2002 IDOT Construction Manual Documentation Section requires a contractor submit proof of payment (copy of cancelled check or copy of signed and dated paid invoice) for material under allowance within 60 days of payment to that contractor. It should be noted; however, that the Documentation Section does provide that the resident estimate (containing the material allowance) was mailed to allow for processing and mailing time. In the absence of such proof of payment, the Construction Manual Documentation Section requires that the dollar amount under allowance be removed on the next pay estimate.

### **Recommendation**

We recommend that the district and resident ensure proof of payment for all material under material allowance is obtained and documented in the project records or otherwise that the allowance be rescinded in accordance with IDOT Construction Manual requirements.

### **District Response**

The resident engineer agreed that in the future he will have proof of payment for all material under the material allowance provision.



04-06-025 JT/District 7 - #94719

**Observation 1**

**MISSING TRAFFIC CONTROL AUTHORIZATION APPROVAL DATE**

Form BT 725 (Traffic Control Authorization Request) approval was dated April 15, 2003, although weekly reports indicated work performed prior to that date (e.g. lane closure on March 20, 2003).

Section 700 of the IDOT Construction Manual states that prior to any field activity covered by that policy, Form BT 725 (Traffic Control Authorization Request) shall be submitted to and approved by the district operations/ traffic engineer. Section 700 notes that the policy is applicable to all state awarded construction contracts including those on the local highway system that affects the flow of traffic for more than one day.

**Recommendation**

We recommend the district and resident ensure all Forms BT-725 (Traffic Control Authorization Requests) are properly approved and that approval documentation is included in the project file prior to the start of all construction field activity in accordance with IDOT Construction Manual requirements.

**District Response**

The resident engineer has been reminded that prior to the start of all construction field activity a Form BT 725 needs to be approved and placed in the project files.

## **Observation 2**

### **MISSING SCALE DECAL DOCUMENTATION**

Project records were missing documentation of Department of Agriculture scale decal information covering a 340 ton placement of LIME (30201500) on July 11, 2003 valued at \$12,668.40. As of the date of our review, payment had been made for 322 tons of this material totaling \$11,997.72.

The IDOT Construction Manual Documentation Section states that permanent scales are to be checked (i.e. approved) every 12 months by the Department of Agriculture (DOA) or a DOA -approved commercial scale company and that no payment is to be made for items measured on an unapproved scale.

### **Recommendation**

We recommend the district and resident ensure project records include Department of Agriculture scale decal documentation in accordance with IDOT Construction Manual requirements.

### **District Response**

The resident engineer has since obtained and recorded the Department of Agriculture scale decal information in the project records.

04-06-028 JT/District 9 - #98628

**Observation 1**

**MISSING MATERIAL ALLOWANCE DOCUMENTATION**

Project records were missing proof of payment documentation for \$33,866.92 in fencing materials placed under allowance on Pay Estimate #11 that covered pay items placed from March 13, 2003 to March 24, 2003.

The IDOT Construction Manual Documentation Section requires contractors to provide proof of payment for material under allowance within 60 days of payment receipt and defines such as a copy of a cancelled check or copy of a signed and dated invoice. Article 109.07 of the IDOT Standard Specifications for Road and Bridge Construction further defines the latter (paid invoice) as a "receipted bill" (i.e. signed and dated by the material supplier).

The Documentation Section also notes that the dollar amount of the allowance should be reduced on the next pay estimate by the value of the subject material in the event such proof of payment had not been provided within the required time frame. However, the Documentation Section further notes that as a rule of thumb, the resident may use a time limit of 70 days from the date the pay estimate was mailed to establish the due date in order to allow for mailing and processing time.

**Recommendation**

We recommend the district and resident ensure the job site project records include all required material allowance documentation in accordance with IDOT Construction Manual requirements.

**District Response**

The district agrees with the finding. All residents have been instructed as to the required material allowance documentation according to the Construction Manual.

## **Observation 2**

### **JOB FILE MISSING INDEPENDENT WEIGHT CHECK AND SCALE DECAL DOCUMENTATION**

The resident's project records were missing independent weight check documentation (e.g. covering 561.23 tons AGG BASE CSE A placed July 16, 2003, etc.). The district did subsequently provide a copy of an independent weight check dated July 14, 2003 performed under another contract (98754) that identified the subject contract (98628) as utilizing material weighed on supplier scale corresponding to Department of Agriculture Scale Decal Number 81158 that week. The independent weight check indicated results were in tolerance; however, no documentation of Department of Agriculture scale decal numbers pertaining to tonnage items placed were included in the project records.

The IDOT Construction Manual Documentation Section requires independent weight check results to be included in the job file.

In addition, the Documentation Section requires that permanent scales are to be checked (i.e. approved) every 12 months by the Department of Agriculture (DOA) or a DOA-approved commercial scale company and that no payment is to be made for items measured on an unapproved scale. The Documentation Section further requires that the date on the decal, identification number on the decal and location of the scale shall be recorded in the Quantity Book.

In addition to providing a basis for scale accuracy, scale decal information also serves to provide a basis for ensuring scales used to weigh tonnage pay items have been properly subjected to independent weight checks as applicable.

## **Recommendation**

We recommend the district and resident ensure the job site project records include all required independent weight check and scale decal documentation in accordance with IDOT Construction Manual requirements.

## **District Response**

The district agrees with the finding. We have implemented procedures to ensure that Independent Weight Checks are distributed to all residents for their files when applicable to their contracts. Residents have been instructed to include scale decal information when pay items are paid for on a per ton basis.

04-06-029 JT/District 9 - #98607

**Observation 1**

**MISSING MATERIAL ALLOWANCE DOCUMENTATION**

Project records were missing proof of payment documentation for \$188,300.00 in structural steel placed under allowance on Pay Estimate #4 that covered pay items placed to January 14, 2003.

The IDOT Construction Manual Documentation Section requires contractors to provide proof of payment for material under allowance within 60 days of payment receipt and defines such as a copy of a cancelled check or copy of a signed and dated invoice. Article 109.07 of the IDOT Standard Specifications for Road and Bridge Construction further defines the latter (paid invoice) as a "receipted bill" (i.e. signed and dated by the material supplier).

The Documentation Section also notes that the dollar amount of the allowance should be reduced on the next pay estimate by the value of the subject material in the event such proof of payment had not been provided within the required time frame. However, the Documentation Section further notes that as a rule of thumb, the resident may use a time limit of 70 days from the date the pay estimate was mailed to establish the due date in order to allow for mailing and processing time.

**Recommendation**

We recommend the district and resident ensure the job site project records include all required material allowance documentation in accordance with IDOT Construction Manual requirements.

**District Response**

The district agrees with this finding. All residents have been instructed as to the required material allowance documentation according to the Construction Manual.

## **Observation 2**

### **MISSING EXTRA WORK APPROVAL DOCUMENTATION**

The resident's project records were missing specific documentation that the contractor was notified of extra work approval prior to the start of work (e.g. \$16,358.56 in extra work (FRC00200) for DECK SLAB REPAIR). The district noted that current procedure was to provide neither copies of Form BC-22 (Authorization of Contract Changes) nor copies of Form BC-2256 (Prior Authorization of Contract Changes) to contractors.

IDOT Construction Memorandum 01-4 states that all extra work must be approved and directed in writing before work begins and that the written approval of a contract change and the written directive to the contractor may not be the same document. The Memorandum further notes that the approval or directive can be in the form of a resident's memo, Form BC 2256 Prior Approval, Form BC-22 (Authorization of Contract Changes) or another written instrument as appropriate.

### **Recommendation**

We recommend the district and resident ensure the job site project records include documentation that the contractor was notified of extra work approval prior to the start of work in accordance with IDOT Construction Manual requirements.

### **District Response**

The district agrees with the finding. Residents have been instructed on the acceptable methods of directing the contractor in writing to perform extra work. It has been our practice to provide copies of approved authorizations to the contractor by the district office. If the work is to be started before authorization approval, the resident is to inform the contractor with a resident engineer memo or a prior approval form.

### **Observation 3**

#### **MISSING DEPTH CHECK DOCUMENTATION**

Project records were missing depth check documentation for the pay item BR DK MIN C OVL 2 ¼ (XZ193500). Pay Estimate #11 covering pay items placed from June 9, 2003 to July 15, 2003 identified that 1,089.40 square yards of this item had been placed totaling \$45,754.80 (1,089.4 square yards x \$42.00 per square yard).

The IDOT Construction Manual Documentation Section (beginning on page A-13) generally requires depth checks for various pay items be performed and documented in the project records where a specific thickness is required and the method of measurement is not by volume or weight. For example, the Documentation Section requires depth checks be performed and documented with a minimum frequency of (or at least) one every 100 square meters or 1000 square feet for PCC SIDEWALK, etc.

#### **Recommendation**

We recommend the district and resident ensure depth checks are performed and documented in the project records in accordance with IDOT Construction Manual requirements.

#### **District Response**

The resident on this project had taken depth checks but failed to properly record them. The proper documentation of depth checks will be discussed with the residents.

04-06-030 JT/District 9 - #98544

**Observation 1**

**MISSING MATERIAL ALLOWANCE DOCUMENTATION**

Project records were missing proof of payment documentation for \$38,695.71 in PVC Piping placed under allowance on Pay Estimate #4 that covered pay items placed to February 28, 2003.

The IDOT Construction Manual Documentation Section requires contractors to provide proof of payment for material under allowance within 60 days of payment receipt and defines such as a copy of a cancelled check or copy of a signed and dated invoice. Article 109.07 of the IDOT Standard Specifications for Road and Bridge Construction further defines the latter (paid invoice) as a "receipted bill" (i.e. signed and dated by the material supplier).

The Documentation Section also notes that the dollar amount of the allowance should be reduced on the next pay estimate by the value of the subject material in the event such proof of payment had not been provided within the required time frame. However, the Documentation Section further notes that as a rule of thumb, the resident may use a time limit of 70 days from the date the pay estimate was mailed to establish the due date in order to allow for mailing and processing time.

**Recommendation**

We recommend the district and resident ensure the job site project records include all required material allowance documentation in accordance with IDOT Construction Manual requirements.

**District Response**

The district agrees with the finding. All residents have been instructed as to the required material allowance documentation. The proof of payment required will be discussed with the residents, as well as, the proper procedures for pay estimates.



## **Observation 2**

### **MISSING TRAFFIC CONTROL INSPECTION REPORTS**

Project records were missing documentation of traffic control inspection reports (Form BC-726) each week. Although completed Forms BC-726 were included in the project file, we found (for example) that such reports did not include the period July 3, 2003 to July 17, 2003 and June 19, 2003 to July 3, 2003 although diary entries indicated traffic control applicable given construction work performed.

Section 700 of the IDOT Construction Manual notes that at a minimum, one daytime inspection shall be done weekly for projects having hazards in the work zone, barricades on the pavement, or barricades on the shoulder. The IDOT Construction Manual Forms Section notes these inspections can be performed on either BT or BC-726 in order to meet the requirement.

Section 700 also notes that regular nighttime inspection shall be performed by the resident and/or district traffic control supervisor at a minimum of twice per month where applicable to assure sign reflectivity, identify light outages, and confirm clear direction to motorists through the work zones.

It should be noted that we did find that at least two of the inspection reports covering the period June 19 through July 17, 2003 were nighttime inspection reports.

### **Recommendation**

We recommend the district and resident ensure traffic control inspections are performed and documented in the project records in accordance with IDOT Construction Manual requirements.

### **District Response**

The district agrees with the finding. Residents will be instructed of the requirements of Section 700 of the Construction Manual, as well as, the proper submission of Form BC726.

### **Observation 3**

#### **INCOMPLETE PLACEMENT DOCUMENTATION**

We found pay item placement documentation entries for TEMP ACCESS – COM ENT were not always distinguishable in description to ensure that duplicate quantities are not inadvertently entered into the system. During our review we found the following:

- TEMP ACCESS – COM ENT (X4022000) was placed on different dates (June 19, 2003 and June 30, 2003) but for the same quantity (1 each), location (STA 26 + 154 LT), and description. The Quantity Book source of progress documentation referred to "Inspector Daily Reports" which identified both placements as a final field measurement at STA 26 + 154.28 LT. We found that ten units of this item had been posted as of July 24, 2003 and that as of pay estimate # 8 (covering pay items placed to July 17, 2003) payment had been made for those ten units totaling \$8,950.00 (10 each x \$895.00 per unit).

The IDOT Construction Manual Documentation Section requires source documentation for all quantities of work for which payment will be made. The Documentation Section further requires that such documentation contain all information necessary to identify the contractor or subcontractor performing the work, date work was completed, location of work, quantity of work completed and depth checks (if required). Since each pay item placement is unique at some level, documentation for each placement should be easily distinguishable from any other placement to ensure a particular placement is not inadvertently paid for more than once.

#### **Recommendation**

We recommend the district and resident ensure that any overpayments are reclaimed. We also recommend that the district and residents require that each pay item placement be easily distinguishable from all other placements so as to ensure a particular placement is not inadvertently paid for more than once in accordance with IDOT Construction Manual requirements.

#### **District Response**

The district will ensure that the payments to the contractor will be correct and any overpayments reclaimed. Documentation that is distinguishable by source and location will be maintained.

04-06-035/District 3 - #87241

**Observation 1**

**MISSING EXTRA WORK DOCUMENTATION**

Project records were missing written documentation of contractor notification of extra work approval prior to the start of work. Project staff noted the only participating extra work item to date pertained to a pending contractor billing for removal of approximately eight trees valued at approximately \$2,500.00.

IDOT Construction Memorandum 01-4 states that all extra work must be approved and directed in writing before work begins and that the written approval of a contract change and the written directive to the contractor may not be the same document. The memorandum further notes that the approval or directive must be in accordance with approval levels specified in the memorandum and can be in the form of a resident's memo, Form BC 2256 Prior Approval, Form BC-22 (Authorization of Contract Changes) or another written instrument as appropriate.

During the extra work procedure, the IDOT Construction Manual Documentation Section requires Form BC-635 (Extra Work Daily Report) to be prepared daily by the resident or inspector and jointly signed with the contractor.

**Recommendation**

We recommend the district and resident ensure all extra work is performed and documented in accordance with IDOT Construction Manual requirements.

**District Response**

The district concurs. The district would like it noted that, although the resident did not have the BC-635 completed, the contractor's time and equipment for removing the trees was documented. The district will be sure this item is properly documented before payment.

## **Observation 2**

### **MISSING WEIGHT CHECK DOCUMENTATION**

No Department of Agriculture decal information or documentation of daily tare weights and independent weight checks were included in the project records. For example, the required documentation was not found for 1,882.95 tons of SUB GRAN MAT B (valued at \$21,378.48) placed on August 19, 2003 or for 2,772.65 tons of AGG BSE CSE B (35101400) placed on August 26, 2003 valued at \$26,617.44 (2,772.65 tons x \$9.60 per ton).

The IDOT Construction Manual Documentation Section requires that permanent scales are to be checked (i.e. approved) every 12 months by the Department of Agriculture (DOA) or a DOA -approved commercial scale company and that no payment is to be made for items measured on an unapproved scale. The Documentation Section further requires that the date on the decal, identification number on the decal and location of the scale shall be recorded in the Quantity Book.

In addition to providing a basis for scale accuracy, scale decal information also serves to provide a basis for ensuring scales used to weigh tonnage pay items have been properly subjected to independent weight checks as applicable.

The IDOT Construction Manual Documentation Section also requires independent weight check results be included in the job file and that an inspector is to witness and record tare weights for each truck to be used in that day's supply operation. The Documentation Section requires that the tare weight record include identification of each truck, the tare weight of each, and whether the driver was in the truck during measurement.

### **Recommendation**

We recommend the district and resident ensure all project records include Department of Agriculture scale decal information as well as independent weight check and daily tare weight documentation in accordance with IDOT Construction Manual requirements.

### **District Response**

The district concurs. The Department of Agriculture decal information has been retrieved and placed in the project records. An independent weight check will be performed in the future when placing material from this scale. The tickets for the material mentioned were printed by an automatic printer. The Documentation Section of the Construction Manual waives the recording of tare weights by an inspector, if the weights are automatically printed.

04-06-004 JT/District 5 - #91227

### **Observation 1**

#### **WRITTEN DIRECTION TO PROCEED WITH EXTRA WORK**

The resident said that he normally does not give a copy of the approved Authorization of Contract Changes (Form BC 22) or any other written document giving direction to proceed with any extra work to the contractor.

A contract change is one of the most important aspects of contract administration. By definition, it alters the contract work from that awarded under the competitive bidding process and, therefore, requires clear explanation and careful consideration. Construction Memorandum 01-4 (effective June 1, 2001) requires a written notice to proceed be given to a contractor before beginning any work effort.

Except in the special case of balancing quantities, all directives to proceed with extra work or quantities must be in writing. The written directive must include, at a minimum, a sufficiently precise description of the work to be performed, including any reference to the Standard Specifications that govern the work, and signature of the person issuing the directive. This directive can take many forms, the most common are form BC 22 Authorization of Contract Changes (but only when signed by the Engineer of Construction in the central office), form BC 329, Resident's Memo, or a letter or memo from the person directing the change.

### **Recommendation**

We recommend that the district and resident ensure that written direction to proceed with any extra work be given to the contractor prior to any extra work effort on the part of the contractor in accordance with Construction Memorandum 01-4 and the Standard Specifications for Road and Bridge Construction.

### **District Response**

The district's policy of informing the contractor for added work to the contract is by form, Field Order for Added Work. This form is prepared by the resident and contains the contractor representative's signature acknowledging receipt of the work order. The resident for this contract has started using the Field Order for Added Work form. In addition, the district does not require the resident to submit an approved copy of the authorization to the contractor, this procedure is completed by the district.

A documentation reminder was distributed to all district residents explaining the written direction to proceed with added work.

04-06-022 JT/District 8 - #97189

**Observation 1**

**AGREEMENT ON ACCURACY OF PLAN QUANTITIES (BC-981)**

The district engineer had not signed the Agreement to Plan Quantities (BC-981) as of the date of our review.

According to the Documentation Section of the Construction Manual, the main purpose of the BC 981 is to save the resident time in documenting the accuracy of the final quantity paid to the contractor. The BC 981 is an acknowledgment that for certain items, at least, it is possible to determine during the design phase accurate final pay quantities. The district engineer's signature on the BC 981 indicates the district engineer is satisfied that with the quality controls in place in the district, the quantities agreed to are accurate.

**Recommendation**

We recommend that the BC-981 is signed by the district engineer prior to the start of any work on those pay items listed on the form.

**District Response**

The district agrees the BC-981 should be approved at the start of the project.

## **Observation 2**

### **INCOMPLETE TRAFFIC CONTROL DOCUMENTATION**

No Traffic Control Authorization Request (Form OPER-725) was found in the project records, although we did find a list of emergency phone numbers. In addition, an insufficient number of Traffic Control Inspection Reports (Form BT-726) were found. The job started March 13, 2003 but only three inspection reports were completed.

According to Section 700 of the Construction Manual (Work Zone Traffic Control, Signing and Pavement Marking) prior to any field activity, Form OPER-725 Traffic Control Authorization Request shall be submitted to and approved by the district operations/traffic engineer to indicate his/her concurrence in the proposed Traffic Control Plan.

Section 700 of the IDOT Construction Manual also notes that at a minimum, one daytime inspection shall be done weekly for projects having hazards in the work zone, barricades on the pavement, or barricades on the shoulder.

In addition, Section 700 notes that regular nighttime inspections shall be performed by the resident and/or district traffic control supervisor at a minimum of twice per month where applicable to assure sign reflectivity, identify light outages, and confirm clear direction to motorists through work zones.

### **Recommendation**

We recommend that the district and resident ensure that all work zone traffic control activities are in compliance with applicable policies, procedures and standards.

### **District Response**

The residents were recently reminded by memo of the importance of the BT-726 form and this is also being discussed during the pre-construction conference.

### **Observation 3**

#### **THICKNESS DETERMINATIONS**

Depth checks (thickness determinations) were not located for:

- 1,637.0 feet of COMB CC&G TB6.24 (60605000) valued at \$31,103.00 (\$19.00/foot).
- 1,700.0 square yards of CONC MEDIAN SURF 4 (60618300) valued at \$8,500.00 (\$5.00/square foot).
- 99.0 square yards of PCC PVT 8 ¾ (42000315) valued at \$3,960.00 (\$40.00/square yard).

According to the Documentation Section of the Construction Manual, thickness determinations are a Bureau of Construction policy requirement. The use of proper procedures for thickness determinations will significantly reduce the chances for unacceptable work.

#### **Recommendation**

We recommend that the district and resident ensure that thickness determinations are performed and documented in accordance with the Thickness Determination Schedule found in the IDOT Construction Manual.

#### **District Response**

Residents are constantly reminded of thickness checks during progress and final reviews.



#### **Observation 4**

##### **MISSING SUPPORTING DOCUMENTATION**

We found required documentation for pay item placements were not always included in the project records such as:

- No Department of Agriculture scale decal information was included in the Quantity Book for LIME (30201500). We also found that no calculator tape was included with the weight tickets supporting a placement of 52.75 tons of LIME valued at \$1,883.18 (\$35.70 / ton) on 7/11/03.
- No "Calculated By" initials and dates were included on the Inspector's Daily Report (IDR) for a placement of 99.0 square yards of PCC PVT 8 ¾ (42000315) on 07/29/03 valued at \$5,544.00 (\$56.00 / square yard).

According to the Documentation Section of the IDOT Construction Manual, in order to properly document the quantities shown on partial pay estimates, progress entries in the Quantity Book are required. Progress documentation must be kept on file (preferably on the IDR or in a field book) to indicate how the quantity was established.

All documents will include the initials of the person (or persons) who performed each of the tasks involved in inspecting and documenting the work, as well as the date (or dates) each task was performed.

In addition, the documentation section states that permanent scales are to be checked (i.e. approved) every 12 months by the Department of Agriculture (DOA) or a DOA approved commercial scale company, and no payment is to be made from an unapproved scale.

##### **Recommendation**

We recommend the district and resident ensure that all required documentation supporting placement of each pay item is included in the project records prior to payment in accordance with all applicable IDOT requirements.

##### **District Response**

Initials, dates and scale decals are randomly checked during progress and final reviews. A memo addressing these citations was sent to the residents.

04-06-023 JT/District 8 - #97199

**Observation 1**

**WORK ZONE TRAFFIC CONTROL**

Neither the Traffic Control Authorization Request (Form OPER-725) nor any Traffic Control Inspection Reports (Form BT-726) were found in the project records.

As outlined in POLICY TRA-1, TRAFFIC CONTROL THROUGH CONSTRUCTION AND MAINTENANCE WORK ZONES, it is required that the district construction office submit to the district traffic engineer a completed Form OPER-725 prior to the start of work.

It is also required that the district traffic control supervisor conduct an initial and follow-up inspections on projects that will affect traffic for more than five days.

Form BT-726 (Traffic Control Inspection Report) is the form the district traffic control supervisor will normally use to document inspections. The resident engineer is to receive a copy of all BT-726's that identify inadequate traffic controls.

Section 700 of the IDOT Construction Manual addresses several work zone traffic control compliance issues including the resident engineer's responsibilities.

**Recommendation**

We recommend that the district and resident engineer ensure that all work zone traffic control activities are in compliance with applicable policies, procedures and standards.

**District Response**

The residents were recently reminded by memo of the importance of the BT-726 form and this is also being discussed during the pre-construction conference.

## **Observation 2**

### **MISSING SUPPORTING DOCUMENTATION**

We found required documentation for pay item placements were not always included in the project records such as:

For pay item SEEDING CL2 (2500020) "Measured By" initials and date, and "Calculated By" initials and date were not shown on the calculation sheet nor was required contract information.

For pay item BIT MATLS PR CT (40600100) no documentation was found in the project records, even though 37 gallons had been paid for.

For pay item WATERPROOF MEMBRANE SYSTEM (58100200) no source document was cited and no evidence of material inspection was listed in the quantity book entry. No explanation was given for the estimated quantity of 197.05 square yards.

For pay item SPBGR TY A (63000000) "IL OK" cited in the quantity book entry without the proper inspector number. The Inspector's Daily Report (IDR) was not properly completed.

For pay item BCSC SUPER IL 9.5L LEW (X4066490) an estimated payment was made. According to the documentation guide, tonnage pay items can never be estimated.

The IDOT Construction Manual Documentation Section states that daily pay item quantity placements can be based upon either estimates or final measurements but requires progress documentation be kept on file to indicate how quantities are established.

The Documentation Section further requires that such documentation contain all information necessary to identify the contractor or subcontractor performing the work, date work was completed, location of work, quantity of work completed and depth checks (if required). Since each pay item placement is unique at some level, documentation for each placement should be easily distinguishable from any other placement to ensure a particular placement is not inadvertently paid for more than once.

### **Recommendation**

We recommend that the district and resident ensure that quantities are documented in accordance with the IDOT Construction Manual.

### **District Response**

The resident was reminded to never pay for quantities without the correct material inspection and documentation. A documentation class was suggested for the resident.

04-06-024 JT/District 8 - #97186

### **Observation 1**

#### **CONSTRUCTION MANUAL**

The IDOT Construction Manual found at the job site was updated through 2000. The most current manual in distribution is 2002.

The Construction Manual provides information and guidance to construction personnel who are responsible for the day-to-day supervision and operations of the state's highway construction projects.

The manual is not a part of the contract and does not supercede the Standard Specifications for Road and Bridge Construction, Supplemental Specifications, plan details or notes. It is used to clarify these documents for the purpose of standardizing procedures and assuring adequate and uniform quality control and contract administration.

CD-ROM has been selected as the primary format for distribution of the Construction Manual. At regular intervals, the entire manual will be reissued via an updated CD-ROM. Interim updates will be posted on IDOT's web page at <http://www.dot.state.il.us/const/cnstmeems.html>.

For this manual to be effective it must be kept current.

Without access to an up-to-date Construction Manual at the work site, the department has not been assured that current policies and procedures are being adhered to.

### **Recommendation**

We recommend that the district and resident ensure the most current IDOT Construction Manual is available at the job site.

### **District Response**

The city is responsible for obtaining the current Documentation Manual. This will be mentioned in the pre-construction conferences.

## **Observation 2**

### **TRAFFIC CONTROL INSPECTIONS**

Traffic control inspections were not documented in the project diary or on Traffic Control Inspection Reports (Form BT-726).

According to Section 700 of the IDOT Construction Manual, the importance of correctly placed and maintained traffic controls in construction work zones can not be overstressed. This importance does not diminish when the day's activities are completed and the workforce leaves the job-site. To assure that the required traffic controls are in their proper position and functioning properly during non-working periods, the following actions are required:

- The resident should drive through the job site as their first and last duty of the day. Serious deficiencies should be corrected immediately and noted in the diary when cited and resolved. Minor problems can be corrected as soon as practical.
- As a minimum, one daytime inspection shall be done weekly for projects having hazards in the work zone, barricades on the pavement or barricades on the shoulder. Follow-up inspections shall be made within 48 hours for any major deficiencies that are found, and repeated at 48-hour intervals until all major deficiencies are corrected. All inspections shall be recorded on Form BT-726, Traffic Control Inspection Report. When major deficiencies are corrected, a small note stating the correction was made, along with the date and initials of the person making the correction should be added to the form that stated the deficiency.
- Regular nighttime inspections shall be performed by the resident or district traffic control supervisor at a minimum of twice per month on most jobs to assure sign reflectivity, identify light outages and confirm clear direction to motorists through the work zones. This review is critical before weekends and/or holiday periods.

### **Recommendation**

We recommend that the district and resident ensure that traffic control inspections are performed and documented in accordance with the Construction Manual.

### **District Response**

The residents were recently reminded by memo of the importance of the BT-726 and this is also being discussed during the pre-construction conference.

04-06-013 JT/District - #81197

### **Observation 1**

#### **TRAFFIC CONTROL**

Neither an OPER/BT-725 (Traffic Control Authorization Request) form nor BC/BT-726 (Traffic Control Inspection Report) forms were located in the project records.

According to Section 700 of the IDOT Construction Manual, prior to any field activity covered by this policy, Form OPER/BT-725, Traffic Control Authorization Request, shall be submitted to and approved by the district operations/traffic engineer.

The importance of correctly placed and maintained traffic controls in construction work zones cannot be overstressed. This importance does not diminish when the day's activities are completed and the workforce leaves the job site. To assure that the required traffic controls are in their proper position and functioning properly during non-working periods, the following actions are required:

1. The resident should drive through the job site as their first and last duty of the day. Serious deficiencies should be corrected immediately and noted in the diary when cited and resolved. Minor problems can be corrected as soon as practical.
2. As a minimum, one daytime inspection shall be done weekly for projects having hazards in the work zone, barricades on the pavement, barricades on the shoulder. Follow-up inspections shall be made within 48 hours for any major deficiencies that are found, and repeated at 48-hour intervals until all major deficiencies are corrected. All inspections shall be recorded on Form BC/BT-726, Traffic Control Inspection Report. When major deficiencies are corrected, a small note stating the correction was made along with date and initials shall be added to the form that cited the deficiency, or in the project diary.
3. Regular nighttime inspections shall be performed by the resident and/or district traffic control supervisor at a minimum of twice per month on most jobs to assure sign reflectivity, identify light outages and confirm clear direction to motorists through the work zones. This review is critical before weekends and/or holiday periods.

The resident for a construction project shall have the primary responsibility for ensuring that the traffic control is established in accordance with the approved plan, adequately maintained and revised, if necessary.

### **Recommendation**

We recommend that CDOT personnel and the resident ensure traffic control is provided for in accordance with IDOT Bureau of Construction policy.

**CDOT Response**

Traffic control is constantly being monitored and its condition noted at the end of the day in the Engineer's Daily Log. The BT-725 and BT-726 forms will be inserted into the project records.

## **Observation 2**

### **INDEPENDENT WEIGHT CHECKS**

Independent weight checks were not located for 1,904.7 tons of BIT CONC BINDER COURSE, SUPERPAVE (Item #15) with a value of \$89,520.90 (\$47.00/ton), 2,709.0 tons of BIT CONC SURFACE COURSE, SUPERPAVE MIX (Item #14) with a value of \$140,868.00 (\$52.00/ton), and 258.3 tons placed on 10/21/02 and 399.3 tons placed on 11/20/02 of LEVELING BINDER, SUPERPAVE (Item #12) with a value of \$30,907.20 (\$47.00/ton).

According to the Documentation Section of the Construction Manual, a weekly random check must be performed by a state (or local agency and QC) representative to verify the actual weight of material delivered. Independent weight checks are to be performed as follows:

1. The check weights will be measured on an independent, approved platform scale other than the scale on which the original measurement is performed and not owned or controlled by the contractor or material supplier. The independent scale must be approved, and the Department of Agriculture decal information is to be recorded in the Quantity Book.
2. Gross and tare weights will be measured and recorded, so that the actual net weight of material can be determined.
3. The independently measured net weight must agree with the weight shown on the tickets within a tolerance of 0.5 percent.
4. The independent weight check results are to be recorded and placed in the job file available for inspection, with corrective action taken for deviations from tolerance noted.
5. Independent weight checks must be performed at least once per week per scale when any item is placed for which payment is based on weight tickets. If the same scale is used for several contracts during the week, a weight check performed for any one of the contracts will be sufficient for all of the contracts, as long as a copy of the check is included in the records for each of the projects.

According to the Construction Memorandum 00-08 (Independent Weight Checks and Scale Checks – Dated October 1, 2000), the weekly independent weight will be documented on the Form BC-2367. A copy of the completed form will be forwarded to the Central Bureau of Construction and to the Office of Quality Compliance and Review.

### **Recommendation**

We recommend that CDOT personnel and the resident ensure independent weight checks are performed and documented in accordance with IDOT Bureau of Construction policy.



**CDOT Response**

The resident engineer lacks the manpower to do this task now with just one or two inspectors working on the project. This task was performed by personnel from Testing and Inspections.

### **Observation 3**

#### **DOCUMENTATION REQUIREMENTS**

No initial weight tickets were located in the project records for 4,942.0 gallons of BITUMINOUS PRIME COAT (Item #9) valued at \$2,471.00 (\$0.50/gallon). No calculations based upon initial weight tickets and specific gravity per gallon were noted. In addition, no record of the Department of Agriculture decal date, identification number, and scale location was located in the job records.

According to the IDOT Construction Manual, required documentation is 1) calculations based upon initialed weight tickets and specific gravity per liter. The specific gravity is given on the shipping or storage ticket. 2) Meter ticket, if the ticket contains proper information in accordance with the specifications. 3) Record of the Department of Agriculture decal date, I.D. number, and scale location. The Evidence of Material Inspection should be the Bill of Lading from the vendor.

#### **Recommendation**

We recommend that CDOT personnel and the resident ensure complete and correct documentation and evidence of material inspections are in accordance with IDOT Bureau of Construction policy.

#### **CDOT Response**

The initial weight tickets were misplaced by the inspector but were later found.

#### **Observation 4**

##### **EVIDENCE OF MATERIAL INSPECTION INCORRECTLY CITED**

The resident recorded the wrong statement in the Evidence of Material Inspection column of the Quantity Book for BIT CONC BINDER COURSE (Item #15), HIGH-EARLY-STRENGTH PCC PAVEMENT 10" (Item #18), and CONC CURB, TYPE B (Item #58).

According to the Documentation Section of the IDOT Construction Manual, the "Evidence of Material Inspection" column should be completed each time an entry is made in the quantity column. The evidence of material inspection, as described in the Project Procedures Guide, should be such items as a State of Illinois stamp number, inspection report, plant report, or other information, written or verbal, to indicate that the material is satisfactory.

According to the Project Procedures Guide, the evidence of material inspection should be "Plant report and Tickets" for the mentioned pay items.

##### **Recommendation**

We recommend that CDOT personnel and the resident ensure that entries in the Quantity Book are documented in accordance with IDOT Construction policy.

##### **CDOT Response**

Corrected by the resident.

04-06-015 JT/District 1 - #81187

**Observation 1**

**DEPARTMENT OF AGRICULTURE SCALE INFORMATION**

The Department of Agriculture (DOA) scale information was not located in the project records.

According to the Documentation Section of the IDOT Construction Manual, when pay quantities are established based on truck weight tickets and not from direct measurements by department representatives, steps should be taken to ensure that the quantities shown on the weight tickets are accurate. The Department of Agriculture (DOA) must check permanent scales every 12 months and temporary scales at each setup. A check by a DOA-approved commercial scale company is acceptable if the DOA is unable to provide a current inspection. The date on the decal, identification number and location of the scale shall be recorded in the quantity book. No payment is to be made for items measured on an unapproved scale.

**Recommendation**

We recommend that CDOT personnel and the resident ensure that DOA scale information is documented in accordance with IDOT Construction policy.

**CDOT Response**

The resident engineer called the plant and received the Department of Agriculture information and documented it in the quantity book.

04-06-019 JT/District 1 - #82309

**Observation 1**

**FIELD BOOKS**

PC concrete paving entries were not documented in the field book or Form BC-2531.

According to the Documentation Section of the IDOT Construction Manual, the use of a field book is required for:

1. Permanent survey records, layout records and cross-sections.
2. PC concrete paving summary, or Form BC-2531.
3. Class I bituminous concrete paving summary, or Form BC-2529.
4. Concrete superstructure pour summary.

**Recommendation**

We recommend that district personnel and the resident ensure the field books have the required documentation in accordance with IDOT Bureau of Construction policy.

**District Response**

A roadway concrete inspection book was being used and unavailable the day of the audit.

## **Observation 2**

### **EVIDENCE OF MATERIAL INSPECTION INCORRECTLY CITED**

The resident recorded the wrong statement in the Evidence of Material Inspection column of the Quantity Book for DRILL SET (X0323484) and LEV BIND NON POLYMA (X9100701).

According to the Documentation Section of the IDOT Construction Manual, the "Evidence of Material Inspection" column should be completed each time an entry is made in the quantity column. The evidence of material inspection, as described in the Project Procedures Guide, should be such items as a State of Illinois stamp number, inspection report, plant report, or other information, written or verbal, to indicate that the material is satisfactory.

According to the Project Procedures Guide, the evidence of material inspection should be "Plant Report and Tickets" for the mentioned pay items.

### **Recommendation**

We recommend that district personnel and the resident ensure that entries in the Quantity Book are documented in accordance with IDOT Bureau of Construction policy.

### **District Response**

The Evidence of Material Inspection statements for those items have been corrected.

### **Observation 3**

#### **MATERIAL ALLOWANCE**

The proof of payment for material from the contractor was not the required documents specified in the IDOT Construction Manual and was not for the total amount requested on the material allowance affidavit (BC 49).

The proof of payment submitted by the contractor were two "Waiver of Lien to Date" for \$40,000.00 and \$1,498,782.60 for a total of \$1,538,782.60. The two material allowance affidavits totaled \$1,572,948.00. The amount not paid toward the material allowance by the contractor was \$34,165.40.

According to the Documentation Section and Construction Memorandum 02-76 (Contractor Payments) of the IDOT Construction Manual, within 60 days of payment to the contractor a copy is required of proof that the contractor has paid for the material. A rubber stamp "Paid" will not be sufficient for proof. In the event the contractor does not provide the resident with proof of payment (copy of canceled check or copy of paid invoice signed and dated) for the material within 60 days of receipt of the payment, the dollar figure entered on the next pay estimate should be reduced by the value of the subject material. The resident may use a time limit of 70 days from the date the pay estimate was mailed, to account for processing time and time spent in the mail.

#### **Recommendation**

We recommend that district personnel and the resident ensure that material allowance is paid for and documented in accordance with IDOT Bureau of Construction policy.

#### **District Response**

The items with material allowances have since been installed and zeroed out. In the future, material allowances will be properly documented in accordance with IDOT Bureau of Construction policy.

## **Observation 4**

### **TRAFFIC CONTROL**

Traffic control inspections were not documented as required. There was no documentation of traffic control inspections documented in the daily diary. Traffic Control Inspection Forms BC/BT 726 were completed sporadically throughout the contract period. However, several months did not have the required number of daytime and nighttime inspections needed.

The importance of correctly placed and maintained traffic controls in construction work zones cannot be overstressed. This importance does not diminish when the day's activities are completed and the workforce leaves the job site. To assure that the required traffic controls are in their proper position and functioning properly during non-working periods, the following actions are required:

1. The resident should drive through the job site as their first and last duty of the day. Serious deficiencies should be corrected immediately and noted in the diary when cited and resolved. Minor problems can be corrected as soon as practical.
2. As a minimum, one daytime inspection shall be done weekly for projects having hazards in the work zone, barricades on the pavement, barricades on the shoulder. Follow-up inspections shall be made within 48 hours for any major deficiencies that are found, and repeated at 48-hour intervals until all major deficiencies are corrected. All inspections shall be recorded on Form BC/BT-726, Traffic Control Inspection Report. When major deficiencies are corrected, a small note stating the correction was made along with date and initials shall be added to the form that cited the deficiency, or in the project diary.
3. Regular nighttime inspections shall be performed by the resident and/or district traffic control supervisor at a minimum of twice per month on most jobs to assure sign reflectivity, identify light outages and confirm clear direction to motorists through the work zones. This review is critical before weekends and/or holiday periods.

The resident for a construction project shall have the primary responsibility for ensuring that the traffic control is established in accordance with the approved plan, adequately maintained and revised, if necessary.

### **Recommendation**

We recommend that district personnel and the resident ensure traffic control is provided for in accordance with IDOT Bureau of Construction policy.

### **District Response**

The proper interval for daytime and nighttime inspections is being conducted and recorded on BT 726 forms.



## **Observation 5**

### **TRAFFIC CONTROL SURVEILLANCE**

Traffic control surveillance was not documented on the required BC 2240 form. Surveillance could not be identified as being provided by the contractor at four-hour maximum intervals. Documentation was not provided for the weather or corrective action.

The Traffic Control Surveillance Report, Form BC 2240, is to be used by the contractor to document surveillance as required by Section 701.04(b)(2) of the Standard Specifications. According to the Standard Specifications, the person responsible for surveillance should complete an inspection form furnished by the engineer on a daily basis. The completed form should be given to the engineer on the first working day after the inspection. The completed form is used as the primary documentation for this pay item.

### **Recommendation**

We recommend that district personnel and the resident ensure traffic control surveillance is provided for in accordance with IDOT Bureau of Construction policy.

### **District Response**

Traffic control surveillance was documented on the required BC 2240 form, but there were a few instances where the traffic control contractor provided more than enough visits per night but did not meet the "at four-hour maximum intervals" specification. The paid quantity for the item of "traffic control surveillance" has been corrected.

## **Observation 6**

### **TRAINEE APPROVAL**

The "Request for Approval of Contractor's Proposed Training Program" Form SBE 1146 was not located in the project records. There were 1,208.0 hours of pay item TRAINEES (Z0076600) between November 3, 2002 and July 13, 2003.

According to the Construction Memorandum 03-24 (EEO Contract Provisions and District Responsibilities), the Form SBE 1146 is to be submitted for approval prior to commencing construction on the project and maintained in the construction file.

### **Recommendation**

We recommend that district personnel and the resident ensure Form SBE 1146 is submitted for approval and maintained in the construction file in accordance with IDOT Bureau of Construction policy.

### **District Response**

Form SBE 1146 is maintained in our district office but a copy of it can be sent out to the construction field offices.

04-06-020 JT/District 1 - #62073

**Observation 1**

**TRAINEE APPROVAL**

The "Request for Approval of Contractor's Proposed Training Program" Form SBE 1146 was not located in the project records. There were 1,745.5 hours of pay item TRAINEES (Z0076600) between May 12, 2003 and August 5, 2003.

According to the Construction Memorandum 03-24 (EEO Contract Provisions and District Responsibilities), the Form SBE 1146 is to be submitted for approval prior to commencing construction on the project and maintained in the construction file.

**Recommendation**

We recommend that district personnel and the resident ensure Form SBE 1146 is submitted for approval and maintained in the construction file in accordance with IDOT Bureau of Construction policy.

**District Response**

The above information is not provided to our field office by IDOT EEO.

04-06-021 JT/District 1 - #60739

### **Observation 1**

#### **TRAFFIC CONTROL**

Traffic control inspections were not documented during CY 2003 as required. Traffic control inspections were completed as required during CY 2002. There was no documentation of traffic control inspections documented in the daily diary. Traffic Control Inspection Forms BC/BT 726 were completed sporadically throughout CY 2003. However, several months did not have the required number of daytime and nighttime inspections needed.

The importance of correctly placed and maintained traffic controls in construction work zones cannot be overstressed. This importance does not diminish when the day's activities are completed and the workforce leaves the job site. To assure that the required traffic controls are in their proper position and functioning properly during non-working periods, the following actions are required:

1. The resident should drive through the job site as their first and last duty of the day. Serious deficiencies should be corrected immediately and noted in the diary when cited and resolved. Minor problems can be corrected as soon as practical.
2. As a minimum, one daytime inspection shall be done weekly for projects having hazards in the work zone, barricades on the pavement, barricades on the shoulder. Follow-up inspections shall be made within 48 hours for any major deficiencies that are found, and repeated at 48-hour intervals until all major deficiencies are corrected. All inspections shall be recorded on Form BC/BT-726, Traffic Control Inspection Report. When major deficiencies are corrected, a small note stating the correction was made along with date and initials shall be added to the form that cited the deficiency, or in the project diary.
3. Regular nighttime inspections shall be performed by the resident and/or district traffic control supervisor at a minimum of twice per month on most jobs to assure sign reflectivity, identify light outages and confirm clear direction to motorists through the work zones. This review is critical before weekends and/or holiday periods.

The resident for a construction project shall have the primary responsibility for ensuring that the traffic control is established in accordance with the approved plan, adequately maintained and revised, if necessary.

### **Recommendation**

We recommend that district personnel and the resident ensure traffic control is provided for in accordance with IDOT Bureau of Construction policy.

**District Response**

While traffic control observations are made on a continuous basis throughout the day, the observations are now being recorded in the diary at least once a week by the IDOT resident engineer.

## **Observation 2**

### **TREE REMOVAL**

Measurements were not located for 16 units of TREE REMOVAL OVER 15 (20100210) valued at \$164.00 (\$10.25/unit). The field book indicated at station 355+55 (90'RT) a tree was removed, but no measurements were recorded.

According to the Documentation Section of the IDOT Construction Manual, documentation requirements for tree removal are field measurements, station to station groupings listing individual measurements, and if a tree tape is used, it must be indicated with computations.

### **Recommendation**

We recommend that district personnel and the resident ensure tree removal is documented in the project records in accordance with IDOT Bureau of Construction policy.

### **Response**

Documentation for this Quantity Book entry has been corrected to reflect correct unit of measure and to note that a tree tape was used to determine quantity.

04-06-041 JT/District 4 - #68194

**Observation 1**

**ICORS BACKUPS**

We noted that backups were not being done according to ICORS backup schedule. Four backups were performed in July 2003, three in August and three in September. It should be noted that the resident was having mechanical problems with his computer.

The ICORS Manual explains the importance of performing regular systematic backups on ICORS systems. Backing up data protects the resident from data loss due to theft or disk failure. Since the ICORS database is stored on the hard drive and represents many hours of required documentation, it is imperative that any loss of the hard disk through failure or theft will not result in the loss of vital records.

Backups should be completed on a daily, weekly, and monthly basis. The resident is required to use a backup schedule which should contain the date, the time backups were completed, and the initials of the person who performed the backup.

**Recommendation**

We recommend that the district and resident ensure that backups are performed and documented according to Bureau of Construction policy.

**District Response**

The district will continue to ensure that our residents are doing daily backups on their ICORS systems. We will also ensure that they are documenting these backups with date, time, and initials according to

Bureau of Construction Policy. We would note that all of District Four's ICORS backup systems are in the CD format, therefore requiring only daily and final backups and not weekly and monthly as indicated in the audit report.

04-06-042 JT/District 4 - #68193

### **Observation 1**

#### **ICORS DEFICIENCIES**

The project diary cover page had not been printed. The project diary was not being printed on a weekly basis. Daily Quantity Reports were not being printed on a weekly basis.

According to the "ICORS for Construction Documentation" memo dated November 15, 2001:

- Documentation policy requires the resident's name and signature, and the names and initials of personnel assigned to the project, to be written on the first page of the project diary. In ICORS, this can be accomplished by printing the ICORS diary cover page, and writing the information by hand on that cover sheet. This page is then to be kept in the project files.
- If anyone other than the resident makes entries in the diary, they must type in their full name at the end of the day's entries.
- The project diary is kept in the ICORS database, but you must also print the new entries at least weekly. The printed diary pages are to be kept with the signed cover sheet in the project records.
- Daily Quantity entries must be printed at least weekly and kept in the project records.

### **Recommendation**

We recommend that the district and resident ensure that documentation is kept in accordance with Bureau of Construction policy.

### **District Response**

The district will continue to ensure that our residents are keeping documentation in accordance with Bureau of Construction Policy. We will ensure that project diaries and daily quantity reports are being printed on a weekly basis and kept in the project records. Furthermore, we will ensure that project diaries are in compliance with all policies and procedures.



## **Observation 2**

### **OVERPAYMENT TO CONTRACTOR**

Our review of pay item TREE REM 6 – 15 (M2010110) indicated that the contractor was paid for 265.0 units when the Inspector's Daily Report supporting that entry showed that only 108.0 units had been measured, resulting in an overpayment to the contractor of \$2,256.09 (157.0 units x \$14.37 unit price).

According to Construction Memorandum 02-76 (contractor payments), the resident should never pay for work for which you do not have adequate documentation to support the quantity paid.

### **Recommendation**

We recommend that the district ensure that the overpayment is deducted on the next pay estimate.

### **District Response**

The district will ensure that the overpayment is deducted on the next pay estimate. We will also stress to our residents, the importance of not paying for work that does not have adequate and accurate documentation to support the quantities. In addition, we continue to stress the significance of the role of personnel checking calculations and quantities. Unfortunately typographical errors occur, however, the district will continue to check for these during all progress and final documentation reviews.

04-06-043 JT/District 4 - #88858

**Observation 1**

**ICORS PRINTOUTS**

We found that neither the project diary or daily quantity reports were being printed at least once per week.

According to the "ICORS for Construction Documentation" memo dated November 15, 2001 new entries to the diary must be printed at least weekly. The printed diary pages are to be kept with the signed cover sheet in the project records.

In addition, the memo states that daily quantity entries are to be printed at least weekly and that they are to be kept in the project records

**Recommendation**

We recommend that the district and resident ensure that new entries to the diary and daily quantities be printed at least weekly and are kept in the project records in accordance with Bureau of Construction policy.

**District Response**

The district will continue to ensure that our residents are keeping documentation in accordance with Bureau of Construction policy. We will ensure that project diaries and daily quantity reports are being printed on a weekly basis and kept in the project records.

## **Observation 2**

### **DOUBLE POSTINGS TO QUANTITY BOOK**

Our review of the ICORS "Duplicate Daily Quantities Report" indicated that there have been some duplicate entries made to the Quantity Book. For example, our review of pay item INLETS TB T8G (60240301) indicated that on 6/25/03 and 6/26/03 an entry of 1.0 was made for the same location (Structure #135).

### **Recommendation**

We recommend that the district and resident ensure that the ICORS Duplicate Daily Quantity Report is reviewed for possible double postings and that any necessary corrections are made on the next pay estimate submitted.

### **District Response**

The district will continue to ensure that our residents are reviewing the ICORS Duplicate Daily Quantity Reports for possible double postings and that any necessary corrections are made.

### **Observation 3**

#### **THICKNESS DETERMINATIONS**

Thickness determinations for 53.40 meters of COMB CC&G TB15.60 (M6060700) placed on 08/26/03 and valued at \$5,244.42 (53.40 meters X \$98.21 unit price) were not located in the project records.

The IDOT Construction Manual, Documentation Section requires that thickness determinations (depth checks) be performed and documented whenever a specific thickness is required and the method of measurement is not by volume or weight.

Depth checks help serve to ensure that such pay items are constructed to the lines and grades shown in the plans. The use of proper procedures for thickness determinations will significantly reduce the chances for unacceptable work.

The location of where the thickness determinations were taken, along with the results, should be clearly noted on the source document. The location of the source document, whether it be field books or IDR's, must be clearly indexed and referenced through the Quantity Book.

#### **Recommendation**

We recommend that the district and resident ensure that thickness determinations are performed and recorded for all required pay items as outlined in the Construction Manual.

#### **District Response**

The district will continue to ensure that our residents are performing and recording all required depth checks for pay items as outlined in the Construction Manual.

#### **Observation 4**

##### **LACK OF EVIDENCE OF TRAINEE APPROVAL**

No evidence of trainee approval was found in the project records. As of the date of our review, 344.50 hours had been paid for under pay item TRAINEES (Z0076600) valued at \$275.60 (344.50 hours X \$0.80 unit price).

According to Construction Memorandum 03-24, Equal Employment Opportunity Contract Provisions and District Responsibilities, the contractor must submit a training proposal for approval prior to commencing construction on the project.

##### **Recommendation**

We recommend that the district ensure that the resident maintains labor compliance documentation in accordance with Construction Memorandum 03-24.

##### **District Response**

The district will continue to ensure that our residents are maintaining all required labor compliance documentation, including trainees, in accordance with Construction Memorandum 03-24.

04-06-007 JT/District 2 - #84902

### **Observation 1**

#### **ICORS DEFICIENCIES**

We found that ICORS backups were not always performed when required. The ICORS backup logs indicated the number of days a backup was performed: April – 4, May – 5, June – 4 and July – 3.

According to the ICORS policy manual, backups should be performed on a daily, weekly, and monthly basis. Daily backups should be performed at the end of each day. Weekly backups should be performed at the end of each workweek and monthly backups at the end of each working month.

Backing up your data protects you from data loss due to theft or disk failure. Since the ICORS database is stored on the hard drive and represents many hours of required documentation, it is imperative that any loss of the hard disk through failure or theft will not result in the loss of vital project records.

In addition, the diary had not been printed since July 1, 2003 and the diary cover sheet has yet to be printed.

According to the memorandum dated November 15, 2001 regarding ICORS for Construction Documentation:

Documentation policy requires the resident's name and signature, and the names and initials of personnel assigned to the project, to be written on the first page of the project diary. In ICORS, this can be accomplished by printing the ICORS diary cover page, and writing the information by hand on that cover sheet. This page is then to be kept in the project files.

The project diary is kept in the ICORS database and new entries must be printed at least weekly. The printed diary pages are to be kept with the signed cover sheet in the project records.

#### **Recommendation**

We recommend that the district and resident ensure that backups are performed when required. We also recommend that the diary cover sheet be printed and completed, and that new diary entries are printed out at least weekly as required by Bureau of Construction policy.

#### **District Response**

The resident claimed that backups were performed when data was changed in ICORS which was not on a daily basis. The resident also stated that backups will be performed as required from now on.

The resident has printed the diary and the cover sheet. The diary pages will be printed as required from now on.

The resident did have the diary cover sheet indicating the resident's name and signature and the names and initials of personnel assigned to the project but it was located in another area of the job records. This document has now been placed with the project diary as required.

## **Observation 2**

### **THICKNESS DETERMINATIONS**

Depth checks (thickness determinations) were not located for 112.20 meters of COMB CC&G TB15.60 (M6060700) valued at \$5,385.60 (\$48.00/meter).

According to the Documentation Section of the Construction Manual, thickness determinations are a Bureau of Construction policy requirement. The use of proper procedures for thickness determinations will significantly reduce the chances for unacceptable work.

The minimum frequency for depth checks is 1 per 75 meters. Thickness determinations shall be documented by before and after cross sections or before and after measurements from an established reference elevation such as a stringline, form line or edge of pavement. Thickness may be determined at the edge of pavement, back of curb, slipform template or any other location at which the thickness of the item can be verified.

### **Recommendation**

We recommend that the district and resident ensure that thickness determinations are performed and documented in accordance with IDOT Bureau of Construction policy.

### **District Response**

The required depth check has been taken and documented accordingly. The resident will pay closer attention to pay items requiring depth checks from now on.



04-06-008 JT/District 2 - #64238

### **Observation 1**

#### **WRITTEN NOTICE TO PROCEED WITH EXTRA WORK**

The resident said that he normally does not give a copy of the approved Authorization of Contract Changes (Form BC 22) or any other written document to the contractor for direction to proceed with any extra work.

A contract change is one of the most important aspects of contract administration. By definition, it alters the contract work from that awarded under competitive bidding process and, therefore, requires clear explanation and careful consideration. Construction Memorandum 01-4 (effective June 1, 2001) requires a written notice to proceed be given to a contractor before beginning any extra work effort.

Except in the special case of balancing quantities, all directives to proceed with extra work or quantities must be in writing. The written directive must include at a minimum a sufficiently precise description of the work to be performed, including any references to the Standard Specifications that govern the work, and the signature of the person issuing the directive. This directive may take many forms, the most common are form BC 22, Authorization of Contract Changes (but only when signed by the Engineer of Construction in the central office) Form BC 329, Resident's Memo, or a letter or memo from the person directing the change.

### **Recommendation**

We recommend that the district and resident ensure that written direction to proceed with any extra work be given to the contractor prior to any extra work effort on the part of the contractor in accordance with Construction Memorandum 01-4 and the Standard Specifications for Road and Bridge Construction.

### **District Response**

The resident has stated that he does not give written authorization for minor extra work items. The district has emphasized the importance of providing written directives to proceed with extra work regardless of the magnitude of the work. This will be re-emphasized at our Annual Spring Meeting when all residents are present.

## **Observation 2**

### **ICORS DEFICIENCIES**

The project diary had not been printed. Daily quantities had not been printed. Backups are not being done.

According to the latest memorandum regarding ICORS for Construction Documentation dated November 15, 2001, the resident must print new entries to the diary at least weekly. The ICORS diary cover page must also be printed out, and signed by the resident. The names and initials of personnel assigned to the project should also be added to the cover sheet.

In addition, daily quantity entries must also be printed at least weekly and be kept in the project records.

The ICORS Manual explains the importance of performing regular, systematic backups on ICORS systems. Backing up data protects the resident from data loss due to theft or disk failure. Since the ICORS database is stored on the hard drive and represents many hours of required documentation, it is imperative that any loss of the hard disk through failure or theft will not result in the loss of vital records.

Backups should be completed on a daily, weekly, and monthly basis. The resident is required to use a backup schedule, which should contain the date, the time the backups were completed and the initials of the person who performed the backup.

### **Recommendation**

We recommend that the district and resident ensure that the project diary and daily quantities be printed at least weekly in accordance with Bureau of Construction policy and that backups are performed as required.

### **District Response**

This resident only performed backups when entries had been made in ICORS. In this case, he was burning CD's. The resident stated that he will perform backups as required. He has also placed the signed diary cover page (which includes the names and initials of personnel assigned to the project) in the diary as required.

### **Observation 3**

#### **CONCRETE STRUCTURE POUR SUMMARY**

The resident did not complete a concrete structure pour summary for any of the concrete structures built.

According to the Documentation Section of the Construction Manual, the use of a field book is required for:

1. Permanent survey records, layout records and cross-sections.
2. PC concrete paving summary, or form BC 2531.
3. Class 1, bituminous concrete paving summary.
4. Concrete superstructure pour summary.

An example of a complete concrete superstructure pour summary can be found in the Documentation Section of the Construction Manual on page F-17.

In addition, the resident documented no explanation of the estimate of 100 cubic meters placed on September 16, 2002.

In order to properly document the quantities shown on partial payment estimates, progress entries in the Quantity Book are required. Progress documentation must be kept on file (preferably on the Inspector's Daily Report or in a field book) to indicate how the quantity was established. Quantities that are estimates should be labeled as such.

#### **Recommendation**

We recommend that the district ensure that concrete superstructure pour summaries are completed per the Documentation Section of the Construction Manual.

#### **District Response**

The resident stated that he has had complete concrete pour summaries for his projects in the past. However, due to his work load of three projects which include 17 structures, his records have not been as complete. According to the resident, when the projects are ready for final review, all documentation will be correct and in its rightful place. The district has emphasized the importance of proper documentation according to ascribed guidelines. The resident stated that he will comply to the requirements of the Documentation Guide from now on.

#### **Observation 4**

##### **EMPLOYEE SPOT INTERVIEWS**

As of the date of our review, July 16, 2003, no employee spot interviews of the contractor or subcontractor's employees were located in the project files. The starting date for this contract (valued at \$3,154,733.04) was June 24, 2002.

According to Construction Memorandum 03-14 and Small Business Memorandum 03-1 (Labor Compliance Federal-aid Highway Projects):

Systematic spot interviews are to be made by the resident, or the labor compliance representative, with the employees of the contractor and subcontractors on the job to establish that the minimum wage and other labor standards of the contract are being fully complied with, and there is no misclassification of labor or disproportional employment of apprentices, etc.

Form BC-163 has been developed to record such employee interviews. Reports of employee interviews should be retained in the EEO/LC files. Although there is no prescribed time or interval for making employee interviews, it is suggested that such interviews be made shortly after the contractor begins work and thereafter at least once every six months on each federal-aid project on which rates have been determined by the U.S. Department of Labor.

The failure to perform employee spot interviews is a violation of Bureau of Construction policy and could result in the loss of federal funds.

##### **Recommendation**

We recommend that the district ensure that the resident or the district's EEO officer conduct employee interviews when required and that the forms be retained in the project EEO/LC files.

##### **District Response**

The sole responsibility of performing spot interviews has been given to the resident. The resident on this project admitted to not approaching the contractor's employees due to the fact that on past projects employees did not want to be singled out to fill out Form BC-163. Some did not understand the questions. The district has emphasized the importance of performing these interviews especially since the department could risk the loss of federal funds. The resident stated that he will comply on future projects.

## **Observation 5**

### **TRAFFIC CONTROL INSPECTION REPORTS**

An insufficient number of daytime and nighttime traffic control inspections have been documented for this project. The job started on June 24, 2002 and only 20 inspection reports have been completed.

Section 700 of the IDOT Construction Manual notes that traffic control inspections are to be performed and documented on Form BT-726 for projects that will affect traffic more than five days. The Construction Manual notes that at a minimum, one daytime inspection shall be done weekly for projects having hazards in the work zone, barricades on the pavement, or barricades on the shoulder.

Section 700 also notes that regular nighttime inspections shall be performed by the resident and/or district traffic control supervisor at a minimum of twice per month where applicable to assure sign reflectivity, identify light outages, and confirm clear direction to motorists through work zones.

### **Recommendation**

We recommend that the district and resident ensure that all required traffic control inspection reports are included in the project records in accordance with IDOT Construction Manual requirements.

### **District Response**

Due to the resident's work load, Form BT-726 was not filled out as required. Since performing traffic control inspections is important to the safety of the travelling public, the district will re-emphasize the importance of this function at the Annual Spring Seminar with all residents present. The resident on this project stated that he will perform inspections as required on future projects.

## **Observation 6**

### **ESTIMATED QUANTITIES**

For pay item CONC SUP STRUC (M5030360), the resident had not shown how he estimated the pay quantities. See Observation 3.

For pay item CONSTRUCTION LAYOUT (Z0013798), we noted that the job started on June 24, 2002 but no payment was made for this item until December 20, 2002 (50%). No explanation of how the estimate was determined. The job is nearly complete and no additional payment has been made.

According to the Documentation Section of the Construction Manual, in order to properly document the quantities shown on partial pay estimates, progress entries to the Quantity Book are required. Progress documentation must be kept on file (preferably on the Inspector's Daily Report or in a field book) to indicate how the quantity was established. Quantities, which are estimates, should be labeled as such. If a method other than the ones shown in the Documentation Section is used to estimate a quantity, the method must be documented, clear, and reasonable.

### **Recommendation**

We recommend that the district ensure the resident documents pay quantities in accordance with the IDOT Construction Manual.

### **District Response**

The resident has included in his project records, the manner in which he estimated the quantity for this pay item. The resident stated that he will be more up-to-date and timely on documentation on future projects.

04-06-009 JT/District 2 - #84981

**Observation 1**

**ICORS DEFICIENCIES**

Daily quantities have not been printed for two months. The diary is not being printed once per week as required.

According to the memorandum dated November 15, 2001 regarding ICORS for Construction Documentation:

"Daily quantity entries must be printed at least weekly and kept in the project records."

In addition, "(if) the project diary is kept in the ICORS database, you must print the new entries at least weekly."

**Recommendation**

We recommend that the district ensures that the resident prints new daily quantity and new diary entries at least weekly in accordance with Bureau of Construction policy.

**District Response**

The resident has stated that he is now and will on future projects print the daily quantities and diary as required.

## **Observation 2**

### **THICKNESS DETERMINATIONS**

For pay item BC PVT FD T1 13 SPL (X4071165), no thickness determinations were recorded for over 5,000 feet of westbound lane placement. In addition, the depth checks recorded for the eastbound lane placement, taken every 400 feet, were not taken as frequently as per the schedule found in the documentation guide.

According to the Thickness Determination Schedule found in the Documentation Section of the Construction Manual, thickness determinations should be taken 1 per 250 linear feet for bituminous concrete full depth pavement.

### **Recommendation**

We recommend that the district ensure that thickness determinations are taken and recorded as per the Documentation Section of the Construction Manual.

### **District Response**

Unfortunately, there have been four (4) residents on this project. The current resident did not supervise the construction of the westbound lanes and therefore could not provide an explanation to the lack of depth checks. Since this review was done, thickness determinations have been found for westbound lanes. The current resident did supervise the construction of the eastbound lanes. He has stated that he will follow the Thickness Determination Schedule on future projects.



04-06-044 JT/District 6 - #72535

**Observation 1**

**INCOMPLETE MATERIAL ALLOWANCE DOCUMENTATION**

Forms BC-49 (Material Allowance Affidavit) were missing resident signature as to proper storage of material. As of the date of our review (September 23, 2003), we found items indicated as traffic signal equipment valued at \$42,305.71 had been placed under allowance.

IDOT Construction Manual 02-76 requires that all material for which an allowance is to be paid must be in secure storage on the project or at a location acceptable and accessible at any time by the department and that such material must be properly protected from damage.

In addition, the IDOT Construction Manual Forms Section identifies verification of acceptable storage by the resident as a part of completing Form BC-49 (Material Allowance Affidavit).

These requirements serve to ensure that required material specifications for all material under allowance are maintained throughout the storage period.

**Recommendation**

We recommend the district and resident ensure project records include documentation of acceptable storage for all material under allowance in accordance with IDOT Construction Manual requirements.

**District Response**

The resident inspected material for proper storage, but neglected to sign the BC-49. The resident was reminded to sign all future material allowances.

## **Observation 2**

### **MISSING DAILY TARE WEIGHT DOCUMENTATION**

Project records were missing daily tare weight documentation. We did not find the proper documentation for 2,360.60 and 1,135.90 tons of SUB GRAN MAT C (31101900) placed on August 26 and August 27, 2003 (respectively) that were collectively valued at \$71,328.60 (3,496.50 tons x \$20.40 per ton).

The IDOT Construction Manual Documentation Section states that daily tare weight documentation requires the inspector to witness and record the tare weights for each truck involved in that day's supply operation except where weights are recorded by an automatic ticket printer and tare or net weights are automatically measured.

Notwithstanding the above, the Documentation Section requires that the inspector's record must identify each truck, the tare weight of the truck, and whether the driver was in the truck during measurement except where small quantities (e.g. less than approximately 500 tons for aggregates) are involved.

These requirements serve to minimize disruption of construction efficiency and establish minimum documentation procedures for tonnage quantities placed under each project.

### **Recommendation**

We recommend the district and resident ensure project records include tare weight documentation in accordance with IDOT Construction Manual requirements.

### **District Response**

Due to inadequate personnel, the resident was unable to send someone to the source for tare weights. Independent weight checks are run randomly to ensure accuracy of tickets. Yield checks are also run to ensure the weight is reasonably close.

04-06-045 JT/District 6 - #93337

## **Observation 1**

### **MISSING WEIGHT CHECK DOCUMENTATION**

Project records were missing weight check documentation (i.e. independent weight check, QC/QA scale accuracy or batch weight check, and Department of Agriculture scale decal information). We found that project records indicated a 518.8 ton placement of P BCSC SUPER "D" N70 (X4066526) on August 7, 2003 valued at \$27,864.75 with no independent weight checks performed. Pay Estimate # 3 (covering pay items placed from July 17, 2003 to August 28, 2003) indicated that payment had been made for this placement.

The IDOT Construction Manual Documentation Section requires independent weight checks to be recorded (along with corrective action taken for deviations from tolerance noted) and placed in the job file available for inspection. Construction Memorandum 00-8 further requires such independent checks be documented on Form BC-2367.

The Documentation Section notes that the check weights are to be measured on an independent, approved platform scale other than the scale on which the original measurement was performed and not owned or controlled by the contractor or material supplier. In addition, the Documentation Section requires approval of the independent scale and that the DOA decal information be recorded in the Quantity Book.

The Documentation Section further requires independent weight checks be performed at least once per week per scale (includes any scale and batch weights) when any item is placed for which payment is based on weight tickets. In addition, the Construction Manual states that if the same scale is used for several contracts during the week, a weight check performed for any one of the contracts will be sufficient for all of the contracts, as long as a copy of the check is included in the records for each of the projects.

It should also be noted that the Construction Manual states that on bituminous QC/QA contracts the contractor is required to perform scale checks and independent weight checks as part of the QC process although such do not satisfy the requirement for independent weight checks to be performed by Department personnel. The Construction Manual also notes that random weight checks conducted by the IDOT Office of Quality Compliance and Review (OQCR) also do not meet the weekly independent weight check requirement. However, the two different types of weight checks for bituminous mixtures do serve either as a check of the batch, surge bin, or platform scale accuracy or otherwise as a check on the accuracy of the batching mixture (in the case of plant batch weight checks).

Independent weight checks are not applicable for various types of tonnage pay items if the amount placed does not exceed specified placement limits per day as described in the Construction Manual Documentation Section on Small Quantities. These limits range from "unlimited" for a fertilizer nutrient pay item (for example) to 4 tons for a bituminous material pay item, etc.

As such any placement of tonnage pay items exceeding the specified placement limits would require an independent weight check which would serve to satisfy this requirement for the week placement occurred.

We believe these requirements minimize disruption of construction efficiency and establish minimum documentation procedures for tonnage quantities placed under each project.

#### **Recommendation**

We recommend the district and resident ensure all required weight checks are performed and included in the project records in accordance with IDOT Construction Manual requirements.

#### **District Response**

District 6 Materials does independent weight checks for bituminous items on state contracts. Weight checks for this plant for the tested tonnage for the week of August 7, 2003 are on file with District 6 Materials. The district will continue its efforts to ensure the resident receives a copy of all weight checks.

## **Observation 2**

### **MISSING PAY ITEM PLACEMENT DOCUMENTATION**

During our review we noted various types of items pertaining to missing placement documentation. Specifically:

1. Project records were missing PCC and bituminous paving summaries. Pay Estimate # 3 covering pay items placed from July 17, 2003 to August 28, 2003 identified that payment had been made for 1,109 square yards of PCC PAVT 8 JOINTED (42000301) valued at \$42,452.52 and 518.8 tons of P BCSC SUPER "D" N70 (X4066526) valued at \$27,864.75.

The IDOT Construction Manual Documentation Section states that use of a field book or Form BC 2531 (PCC Paving Daily Record) is required to document PC concrete paving summary. The Documentation Section also states that use of a field book or Form BC 2529 (Bituminous Paving Daily Record) is required to document Class I, bituminous concrete paving summary.

Paving summaries serve to ensure that conditions of the paving placement (type of equipment, etc.) are clearly documented in the project records.

2. Project records were missing yield check documentation although the Quantity Book indicated a 518.8 ton placement of P BCSC SUPER "D" N70 (X4066526) on August 7, 2003.

The IDOT Construction Manual Documentation Section requires yield checks be performed and documented for Class I bituminous concrete paving frequently during each day of paving and for PC concrete paving at the end of each day of paving. The Documentation Section notes that yield checks are a good engineering practice that may help uncover problems in the work early in the project and highly recommends such for all materials used in the work.

3. Project records were missing supporting documentation for placement of BIT MATLS PR CT (40600100) in gallon unit of measure. No calculations based upon initialed weight tickets and specific gravity per gallon were located. No Department of Agriculture decal information was located. Pay Estimate # 3 covering pay items placed from July 17, 2003 to August 28, 2003 identified that payment had been made for 482.4 gallons of this pay item valued at \$665.71.

The IDOT Construction Manual Documentation Section states that source documentation is required for all quantities of work for which payment will be made. The Documentation Section also notes that such document shall contain all information necessary to identify the contractor or subcontractor performing the work, date work was completed, location of work, quantity of work completed and depth checks (if required).

4. Inspector's Daily Reports (IDR) documenting placement of REBAR (50800105) were missing calculations and/or explanation as to how estimated placement quantities were established. We found the IDR documenting a 71 pound placement of this pay item on August 21, 2003 was missing documentation of the calculation used to establish placement quantity. In addition, another IDR documenting placement of 99.2 pounds of REBAR on April 16, 2003 included calculation of placement quantities but no explanation (calculation) as to how the factor (e.g. pounds per cubic yard of concrete) was derived. Pay Estimate # 3 covering pay items placed from July 17, 2003 to August 28, 2003 identified that payment had been made for 170.2 pounds (71 pounds + 99.2 pounds) of this pay item valued at \$103.82.

The IDOT Construction Manual Documentation Section notes that establishment of a "pounds per cubic yard" factor is an acceptable method of estimating placement of REBAR in a pound unit of measure. However, the Documentation Section also states that progress documentation must be kept on file (preferably on the Inspector's Daily Report or in a field book) to indicate how the quantity was established.

5. Project records were missing documentation as to how placement quantities were established for TRAF CONT & PROT SPL (70101800). Pay Estimate # 3 covering pay items placed from July 17, 2003 to August 28, 2003 identified that payment had been made for 0.65 lump sum of this pay item valued at \$16,100.62.

The IDOT Construction Manual Documentation Section states that except for temporary bridge signals, 25% of the lump sum (or each) price is to be paid when required traffic control devices are installed and 65% of the price is to be prorated during usage. The Documentation Section further requires that the proration be based on actual time versus the progress schedule expected time of usage with the remaining 10% be paid upon removal of the traffic control devices. In contrast to the above, the Documentation Section establishes payment for temporary bridge signals at 60% upon installation and signal operation and 40% upon removal.

6. Inspector Daily Reports were missing documentation as to how quantities were determined for WING INLET (X0323232) (e.g. 0.50 in "each" unit of measure valued at \$1,500.76 placed on April 23, 2003).

The IDOT Construction Manual Documentation Section states that progress documentation must be kept on file (preferably on the Inspector's Daily Report or in a field book) to indicate how the quantity was established.

### **Recommendation**

We recommend the district and resident ensure pay item documentation is performed and documented in accordance with IDOT Construction Manual requirements.

**District Response**

Adequate documentation and cross-references are present to ensure this pay item was placed properly and within specifications. We agree with your audit findings and recommended actions. All parties will be notified of these deficiencies and noted recommendations.

### **Observation 3**

#### **MISSING TRAFFIC CONTROL REPORT DOCUMENTATION**

Only four traffic control inspection reports were included in the project records (September 10, 2003, July 1, 2003, June 6, 2003, and May 23, 2003) although (for example) diary entries for July 31 and August 1 indicated traffic control applicable. None of these four reports were identified as nighttime inspections and two (September 10 and July 1, 2003) did not identify who submitted the inspection reports. We did find that the May 23 and June 6 reports indicated the former was done by the traffic control supervisor and the latter by the resident.

We also found that no Form BT-725 (Traffic Control Authorization Request) was included in the project records or otherwise readily available during our on-site visit.

Section 700 of the IDOT Construction Manual states that prior to any field activity covered by that policy, Form BT 725 (Traffic Control Authorization Request) shall be submitted to and approved by the District Operations/ Traffic Engineer. Section 700 notes that the policy is applicable to all State awarded construction contracts including those on the local highway system which affects the flow of traffic for more than one day.

Section 700 also notes that at a minimum, one daytime inspection shall be done weekly for projects having hazards in the work zone, barricades on the pavement, or barricades on the shoulder. The IDOT Construction Manual Forms Section notes these inspections can be performed on either BT or BC-726 in order to meet the requirement.

Section 700 further notes that regular nighttime inspection shall be performed by the resident and/or district traffic control supervisor at a minimum of twice per month where applicable to assure sign reflectivity, identify light outages, and confirm clear direction to motorists through the work zones.

Lastly, the IDOT Construction Manual Documentation Section requires that all documents include the initials and dates of the person (or persons) documenting the work as well as the date (or dates) each task was performed.

### **Recommendation**

We recommend the district and resident ensure traffic control documentation is prepared and included in the project records in accordance with IDOT Construction Manual requirements.

### **District Response**

The BT-725 Form was submitted to District 6 traffic control supervisor at the pre-construction conference. The resident indicated reviews were done, but not documented.



04-06-046 JT/District 6 - #93338

**Observation 1**

**MISSING WEIGHT CHECK DOCUMENTATION**

We found required independent weight check and tare weight documentation was not included in the project records. The project Quantity Book indicated 2,447.7 tons of aggregate (AGG BSE CSE A - 35100100) was placed on August 15, 2003 valued at \$39,163.20. We also found that project records were missing documentation of independent weight check on Form BC-2367.

The IDOT Construction Manual Documentation Section states that daily tare weight documentation requires the inspector to witness and record the tare weights for each truck involved in that day's supply operation except where weights are recorded by an automatic ticket printer and tare or net weights are automatically measured.

Notwithstanding the above, the Documentation Section requires that the inspector's record must identify each truck, the tare weight of the truck, and whether the driver was in the truck during measurement except where small quantities (e.g. less than approximately 500 tons for aggregates) are involved.

The IDOT Construction Manual Documentation Section also requires independent weight check results to be recorded (along with corrective action taken for deviations from tolerance noted) and placed in the job file available for inspection. Construction Memorandum 00-8 further requires such independent checks be documented on Form BC-2367.

The Documentation Section notes that the check weights are to be measured on an independent, approved platform scale other than the scale on which the original measurement was performed and not owned or controlled by the contractor or material supplier. In addition, the Documentation Section requires approval of the independent scale and that the DOA decal information be recorded in the Quantity Book.

The Documentation Section further requires independent weight checks be performed at least once per week per scale (includes any scale and batch weights) when any item is placed for which payment is based on weight tickets. In addition, the Construction Manual states that if the same scale is used for several contracts during the week, a weight check performed for any one of the contracts will be sufficient for all of the contracts, as long as a copy of the check is included in the records for each of the projects.

It should also be noted that the Construction Manual states that on bituminous QC/QA contracts the contractor is required to perform scale checks and independent weight checks as part of the QC process although such do not satisfy the requirement for independent weight checks to be performed by Department personnel. The Construction Manual also notes that random weight checks conducted by the IDOT Office of Quality Compliance and Review (OQCR) also do not meet the weekly independent weight check requirement.

Independent weight checks are not applicable for various types of tonnage pay items if the amount placed does not exceed specified placement limits per day as described in the Construction Manual Documentation Section on Small Quantities. These limits range from "unlimited" for a fertilizer nutrient pay item (for example) to 4 tons for a bituminous material pay item, etc.

As such, any placement of tonnage pay items exceeding the specified placement limits would require an independent weight check which would serve to satisfy this requirement for the week placement occurred.

We believe these requirements minimize disruption of construction efficiency and establish minimum documentation procedures for tonnage quantities placed under each project.

#### **Recommendation**

We recommend the district and resident ensure independent weight checks and tare weights checks are performed and included in the project records in accordance with IDOT Construction Manual requirements.

#### **District Response**

This is the resident's first job and he will be notified of the need to run independent weight checks and do daily tare weights.

## **Observation 2**

### **MISSING TRAFFIC CONTROL INSPECTION DOCUMENTATION**

No nighttime traffic control inspections were documented in the project records for the months tested (August and September 2003). We also found that no approved Form BT-725 (Traffic Control Authorization Request) was included in the project records or otherwise readily available during our on-site visit.

Section 700 of the IDOT Construction Manual states that prior to any field activity covered by that policy, Form BT 725 (Traffic Control Authorization Request) shall be submitted to and approved by the district operations/traffic engineer. Section 700 notes that the policy is applicable to all state awarded construction contracts including those on the local highway system which affects the flow of traffic for more than one day.

Section 700 also notes that regular nighttime inspection shall be performed by the resident and/or district traffic control supervisor at a minimum of twice per month where applicable to assure sign reflectivity, identify light outages, and confirm clear direction to motorists through the work zones.

### **Recommendation**

We recommend the district and resident ensure traffic control documentation is prepared and included in the project records in accordance with IDOT Construction Manual requirements.

### **District Response**

The BT-725 Form was completed before the project began and had been forwarded to the county engineer. The county filed the report rather than sending it to the job trailer. The resident was notified of the need to do night time inspections and to document those inspections.

04-06-049 JT/District 8 - #76011

**Observation 1**

**THICKNESS DETERMINATIONS**

Thickness determinations were not documented as required for 1,168.00 square meters of BIT SHOULDERS 200 (M4820200) placed on December 2, 2002 and valued at \$25,812.80 (\$22.10/square meter).

According to the Documentation Section of the Construction Manual, thickness determinations are a Department policy requirement. The use of proper procedures for thickness determinations will significantly reduce the chances for unacceptable work. The minimum frequency for BIT SHOULDERS 200 is one per 300 meters.

Depth checks help ensure thickness meets the lines and grades shown in the plans. An important part of inspecting and approving the pay item work for payment is documenting the checks of the properly applied material.

**Recommendation**

We recommend that district personnel and the resident ensure depth checks are performed and documented in the project records for all applicable pay items in accordance with IDOT Bureau of Construction policy.

**District Response**

The resident is aware of depth check requirements and will try to prevent omissions in the future.

04-06-053 JT/District 3 - #66051

### **Observation 1**

#### **ICORS BACKUP**

ICORS backup logs were not maintained as required by IDOT construction policy. Our review was performed on November 4, 2003. There were 6 backups recorded for the month of August, 7 backups recorded for September, and 6 backups were recorded for October.

The ICORS Manual explains the importance of performing regular, systematic backups on ICORS systems. Backing up data protects the resident from data loss due to theft or disk failure. Since the ICORS database is stored on the hard drive and represents many hours of required documentation, it is imperative that any loss of the hard disk through failure or theft will not result in the loss of vital records.

Backups should be completed on a daily basis. The resident is required to use a backup schedule, which should contain the date, the time the backups were completed and the initials of the person who performed the backup.

### **Recommendation**

We recommend that the district and resident ensure that ICORS backups are performed in accordance with Bureau of Construction policy.

### **District Response**

The district concurs that the resident was not logging his backups on a daily basis according to Bureau of Construction policy. The district Contract Support Section is continually reminding residents to backup according to policy. However, it appears the resident was backing up once – twice a week according to his log. He also had the hard copies of the required documents, such as daily quantities, project diary, weekly reports, etc, printed out and on file. So, the information, if lost in the computer, would have been easily retrieved and entered back into the computer.

04-06-054 JT/District 3 - #86854

### **Observation 1**

#### **TRAFFIC CONTROL INSPECTIONS**

BT-726/BC-726 (Traffic Control Inspection Report) forms were not completed as required by IDOT construction policy. Traffic control inspections were not documented in the project diary as required. The project started on March 6, 2002 and our review was November 5, 2003. No traffic control inspection forms were located for March, April, and May of 2002. From June 2002 through October 2003, traffic control inspection reports were missing in every month.

According to Section 700 of the IDOT Construction Manual, the importance of correctly placed and maintained traffic controls in construction work zones cannot be overstressed. This importance does not diminish when the day's activities are completed and the workforce leaves the job site. To assure that the required traffic controls are in their proper position and functioning properly during non-working periods, the following actions are required:

1. The resident should drive through the job site as their first and last duty of the day. Serious deficiencies should be corrected immediately and noted in the diary when cited and resolved. Minor problems can be corrected as soon as practical.
2. As a minimum, one daytime inspection shall be done weekly for projects having hazards in the work zone, barricades on the pavement, or barricades on the shoulder. Follow-up inspections shall be made within 48 hours for any major deficiencies that are found, and repeated at 48-hour intervals until all major deficiencies are corrected. All inspections shall be recorded on Form BT-726/BC-726, Traffic Control Inspection Report. When major deficiencies are corrected, a small note stating the correction was made along with date and initials shall be added to the form that cited the deficiency, or in the project diary.
3. Regular nighttime inspections shall be performed by the resident and/or district traffic control supervisor at a minimum of twice per month to assure sign reflectivity, identify light outages and required maintenance of traffic control devices and to confirm clear direction to motorists through the work zones. This review is critical before weekends and/or holiday periods.

The resident for a construction project shall have the primary responsibility for ensuring that the traffic control is established in accordance with the approved plan, adequately maintained and revised, if necessary. The district operations/traffic engineer shall be assigned the responsibility for overall administration of this policy. The district engineer has the primary responsibility to ensure that this policy is carried out within their jurisdiction.

### **Recommendation**

We recommend that district personnel and the resident ensure traffic control is provided for in accordance with IDOT Bureau of Construction policy.

**District Response**

District administrative personnel are confident that the resident is performing the traffic control inspections according to departmental policy. Unfortunately, on projects such as this, where the workload is quite large and the manpower is spread thin, the documentation of such items as the BC 726 seems to get overlooked. The district has discussed this with the resident and he has taken corrective action.

04-06-055 JT/District 3 - #66117

**District 1**

**ICORS BACKUP**

ICORS backup logs were not maintained as required by IDOT construction policy. Our review was performed on November 6, 2003. There were 4 backups recorded for the month of August, 4 backups recorded for September, and 4 backups were recorded for October.

The ICORS Manual explains the importance of performing regular, systematic backups on ICORS systems. Backing up data protects the resident from data loss due to theft or disk failure. Since the ICORS database is stored on the hard drive and represents many hours of required documentation, it is imperative that any loss of the hard disk through failure or theft will not result in the loss of vital records.

Backups should be completed on a daily basis. The resident is required to use a backup schedule, which should contain the date, the time the backups were completed and the initials of the person who performed the backup.

**Recommendation**

We recommend that the district and resident ensure that ICORS backups are performed in accordance with Bureau of Construction policy.

**District Response**

The district concurs that the resident was not logging his backups on a daily basis according to Bureau of Construction policy. The district Contract Support Section is continually reminding residents to backup according to policy. Contract Support will review the policy with the resident.



## **Observation 2**

### **TRAFFIC CONTROL INSPECTIONS**

BT-726/BC-726 (Traffic Control Inspection Report) forms were not completed as required by IDOT construction policy. Traffic control inspections were not documented in the project diary as required. The project started on March 25, 2002 and our review was November 6, 2003. From June 2002 through December 2002, twenty-five daytime inspections and eight nighttime inspections were not located in the project files. From March 2003 through October 2003, seventeen daytime inspections and five nighttime inspections were not located in the project files.

According to Section 700 of the IDOT Construction Manual, the importance of correctly placed and maintained traffic controls in construction work zones cannot be overstressed. This importance does not diminish when the day's activities are completed and the workforce leaves the job site. To assure that the required traffic controls are in their proper position and functioning properly during non-working periods, the following actions are required:

1. The resident should drive through the job site as their first and last duty of the day. Serious deficiencies should be corrected immediately and noted in the diary when cited and resolved. Minor problems can be corrected as soon as practical.
2. As a minimum, one daytime inspection shall be done weekly for projects having hazards in the work zone, barricades on the pavement, or barricades on the shoulder. Follow-up inspections shall be made within 48 hours for any major deficiencies that are found, and repeated at 48-hour intervals until all major deficiencies are corrected. All inspections shall be recorded on Form BT-726/BC-726, Traffic Control Inspection Report. When major deficiencies are corrected, a small note stating the correction was made along with date and initials shall be added to the form that cited the deficiency, or in the project diary.
3. Regular nighttime inspections shall be performed by the resident and/or district traffic control supervisor at a minimum of twice per month to assure sign reflectivity, identify light outages and required maintenance of traffic control devices and to confirm clear direction to motorists through the work zones. This review is critical before weekends and/or holiday periods.

The resident for a construction project shall have the primary responsibility for ensuring that the traffic control is established in accordance with the approved plan, adequately maintained and revised, if necessary. The district operations/traffic engineer shall be assigned the responsibility for overall administration of this policy. The district engineer has the primary responsibility to ensure that this policy is carried out within their jurisdiction.

### **Recommendation**

We recommend that district personnel and the resident ensure traffic control is provided for in accordance with IDOT Bureau of Construction policy.

**District Response**

The resident or his inspectors are on the project on a daily basis and continually monitor the worksite. District administrative personnel constantly reinforce the importance of traffic control inspections and are confident that the resident is performing the traffic control inspections according to Departmental Policy. Unfortunately, on projects such as this, where the workload is quite large and the manpower is spread thin, the documentation of such items as the BC-726 seems to get overlooked.

The district submitted Traffic Control Report dated 9/11/03, which indicates traffic control items were removed from this contract. The Traffic Control Inspection was then switched to Contract 66144, which is at same location.

### **Observation 3**

#### **PCC PAVING SUMMARY**

The PCC paving summary was not located in the field book or on form BC-2531 for 542.80 square meters of PCC PVT 250 JOINTED (M4202255).

According to the documentation section of the IDOT Construction Manual, the use of a field book is required for:

1. Permanent survey records, layout records and cross-sections.
2. PC concrete paving summary, or Form BC-2531.
3. Class I bituminous concrete paving summary, or Form BC-2529.
4. Concrete superstructure pour summary.

#### **Recommendation**

We recommend that district personnel and the resident ensure the field books have the required documentation in accordance with IDOT Bureau of Construction policy.

#### **District Response**

The district concurs and will review this section of the Documentation Manual with the resident.

#### **Observation 4**

##### **MATERIAL ALLOWANCE**

The contractor did not submit "Proof of payment" for material allowance within the prescribed time allowed by construction policy. The Material allowance was \$87,616.90 and had been reduced to \$2,976.75 on pay estimate #12.

According to the documentation section of the IDOT Construction manual, within 60 days of payment to the contractor, the resident requires proof that the contractor has paid for the material. Simply stamping the invoice "Paid" is not sufficient documentation. In the event the contractor does not provide the resident with proof of payment (copy of canceled check or copy of paid invoice signed and dated) for the material within 60 days of receipt of the payment, dollar figure entered on the next pay estimate (OC 803) should be reduced by the value of the subject material. As a rule of thumb, the resident may use a time of 70 days from the date the pay estimate was mailed, to account for processing time spent in the mail.

##### **Recommendation**

We recommend that district personnel and the resident ensure that proof of payment for material allowance is received in accordance with IDOT Bureau of Construction policy.

##### **District Response**

The district concurs that the resident did not have the required documentation for proof of payment and the district's Contract Support Section has reviewed this policy with the resident to avoid this error in the future. The material allowance was \$87,616.90. It was reduced to \$2,976.75 on pay estimate #12, dated 09/08/03, and it will be removed on the next pay estimate.

04-06-050 JT/Aeronautics - #IJX-3104

**Observation 1**

**DAILY DIARY**

The required daily diary first entry page was missing. The project year, the name and signature of the resident, the complete official designation of the section, the return address, and the name of the contractor were not documented.

According to the Airport Construction Documentation Manual, the first entry in the diary must include the year, the name and signature of the resident, the complete official designation of the section, and the name of the contractor. The Division of Aeronautics' return address must also be noted on the title page so that it may be returned if it is ever lost. A list of all personnel assigned to the job or who work on the job shall be entered in front of the diary (print full name). Each person shall put his/her initials after his/her name.

**Recommendation**

We recommend that the resident and Aeronautics personnel ensure the diary is completed in accordance with Aeronautics Construction policy.

**Aeronautics Response**

The Division will continue to ensure consultant resident engineers are keeping documentation in accordance with Bureau of Construction policy. An example of the first entry page is located in the Airport Construction Documentation Manual. This example itemizes all required information to be contained on the first page of the project diary. In addition, consultants are reminded of these requirements during the spring seminar.

## **Observation 2**

### **ESTIMATING DAILY EARTH VOLUMES**

Measurements and calculations of struck capacity of the model being used was not documented for estimated payment of 400.0 cubic yards of OFFSITE BORROW EXCAVATION (AR152442) valued at \$5,800.00 (\$14.50/cubic yard).

According to the Airport Construction Documentation Manual, it is necessary to provide documented entries in the Quantity Book as work progresses, even though final measurements will usually be provided after the pay item is completed. Therefore, the progress documentation may be based upon nothing more than a recorded estimate of work done.

A table of hauling volumes of most of all the motor scrapers and hauling units is located in the Airport Construction Documentation Manual. The following procedure may be used in estimating earth volumes:

1. Obtain the daily load count.
2. Select the struck capacity for the model being used from the table.
3. Multiply the product of the load count and struck capacity by 80%.
4. It is suggested that the above information and calculations be recorded on the Inspector's Daily Report (IDR), Form BC-628.

### **Recommendation**

We recommend that the resident and the Aeronautics personnel ensure that the method for estimating daily earth volumes with load counts is documented in accordance with Aeronautics Construction policy.

### **Aeronautics Response**

The Division will continue to require documentation on estimated quantities. An example of estimating earthwork quantities is located in the Airport Construction Documentation Manual. Further, during the spring seminar, procedures for measuring and estimating earthwork will be covered.

### **Observation 3**

#### **INDEPENDENT WEIGHT CHECKS**

Independent weight checks were not located for 4,253.60 tons of BITUMINOUS SURFACE COURSE (AR401610) valued at \$204,938.45 (\$48.18/ton) which was placed during the week of 8/7/03 through 8/12/03. In addition, no Department of Agriculture scale information was located in the job records. The Evidence of Material Inspection was also not recorded in the Quantity Book.

According to the Airport Construction Documentation Manual, a weekly random check must be performed by a consultant representative to verify the actual weight of material delivered. Independent weight checks are to be performed as follows:

1. The check weights will be measured on an independent, approved platform scale other than the scale on which the original measurement is performed and not owned or controlled by the contractor or material supplier. The independent scale must be approved, and the DOA decal information is to be recorded in the Quantity Book.
2. Gross and tare weights must be measured and recorded, so that the actual net weight of material can be determined.
3. The independently measured net weight must agree with the weight shown on the tickets within a tolerance of 0.50 percent (bituminous) and 0.70 percent (aggregate).
4. The independent weight check results are to be recorded and placed in the job file available for inspection, with corrective action taken for deviations from tolerance noted.
5. Independent weight checks must be performed at least once per week per scale (this includes any scale and batch weights) when any item is placed for which payment is based on weight tickets. If the same scale is used for several contracts during the week, a weight check performed for any one of the contracts will be sufficient for all of the contracts, as long as a copy of the check is included in the records for each of the projects.

According to the Construction Memorandum 00-08 (Independent Weight Checks and Scale Checks), dated October 1, 2000, the weekly independent weight checks will be documented on Form BC-2367. A copy of the Form BC-2367 will be forwarded to the Central Bureau of Construction and the Office of Quality Compliance and Review.

According to the Airport Construction Documentation Manual, the scale must be checked by the Department of Agriculture. Permanent scales are to be checked every 12 months and temporary scales are to be checked at each setup. A check by a DOA-approved commercial scale company will be acceptable if the DOA is unable to provide a current inspection. The date on the decal, identification number on the decal and location of the scale should be recorded in the Quantity Book. No payment is to be made for items measured on an unapproved scale.

In addition, the Airport Construction Documentation Manual states, an entry must be made in the Evidence of Material Inspection column of the quantity book each time an entry is made in the Quantity Book.

### **Recommendation**

We recommend that the resident and Aeronautics personnel ensure independent weight checks are performed and documented in accordance with Aeronautics Construction policy.

### **Aeronautics Response**

This has been an item that the Division has tried to emphasize in the past year. Resident engineers have been instructed to include scale decal information when pay items are paid for on a ton basis. The procedure for calculating the weight checks is located in the Airport Construction Documentation Manual. During the spring seminar, an example utilizing Form BC 2367 was illustrated and will be, again, this year. Additionally, the Construction Section provides the locations of the nearest independent scales to consultants, when they begin work on tonnage items.



04-06-051 JT/Aeronautics – BMK-3009

**Observation 1**

**DAILY DIARY**

The required daily diary first entry page was missing. The project year, the name and signature of the resident, the complete official designation of the section, the return address, and the name of the contractor were not documented.

According to the Airport Construction Documentation Manual, the first entry in the diary must include the year, the name and signature of the resident, the complete official designation of the section, and the name of the contractor. The Division of Aeronautics' return address must also be noted on the title page so that it may be returned if it is ever lost. A list of all personnel assigned to the job or who work on the job shall be entered in front of the diary (print full name). Each person shall put his/her initials after his/her name.

**Recommendation**

We recommend that the resident and Aeronautics personnel ensure the diary is completed in accordance with Aeronautics Construction policy.

**Aeronautics Response**

The Division will continue to ensure consultant resident engineers are keeping documentation in accordance with Bureau of Construction policy. An example of the first entry page is located in the Airport Construction Documentation Manual. This example itemizes all required information to be contained on the first page of the project diary. In addition, consultants are reminded of these requirements during the spring seminar.

## **Observation 2**

### **FIELD BOOKS**

Field books were not hard cover, bound books. The field book covers did not show complete project designation and return address. Measured by and calculated by initials were not located in the field books.

According to the Airport Construction Documentation Manual, the field books will be hard cover, bound books. The inside cover must show the complete project designation and the return address for the Division. All documents will include the initials of the person who performed each of the tasks involved in inspecting and documenting the work, as well as the date each task was performed.

### **Recommendation**

We recommend that the resident and Aeronautics personnel ensure the field books are completed in accordance with Aeronautics Construction policy.

### **Aeronautics Response**

The Division would like it noted that there was no Airport Construction Documentation Manual until spring of 2003. Consultant and resident engineers have been accustomed to their individual company's methods regarding field books. The manual makes clear, the requirements of a field book and when they must be used. This topic will again be covered during the spring seminar and the Division will continue to ensure field books are completed properly.

### **Observation 3**

#### **BITUMINOUS PRIME COAT DOCUMENTATION**

No calculations were located with specific gravity or number of gallons used for 19,637.00 gallons of BITUMINOUS PRIME COAT (AR602510) valued at \$30,830.09 (\$1.57/gallon). The Department of Agriculture scale information was also not documented.

According to the Airport Construction Documentation Manual, the required documentation for prime coat is the following:

1. Calculations based upon initialed weight tickets and specific gravity per gallon. The specific gravity is given on the shipping or storage ticket.
2. Meter ticket, if the ticket contains proper information in accordance with the specifications.
3. Record of the Department of Agriculture decal date, identification number, and scale location.

According to the Construction Memorandum #02-76 (Contractor Payments), the resident should never pay for work for which they do not have adequate documentation to support the quantity.

#### **Recommendation**

We recommend that the resident and Aeronautics personnel ensure required documentation for pay items is in accordance with Aeronautics Construction policy.

#### **Aeronautics Response**

The Division would like it noted that the inspector had initially calculated the number of gallons, correctly, utilizing the specific gravity. However, due to inexperience, the correct quantity was not accepted and recorded in the Quantity Book.

**Observation 4**

**IRON FITTINGS DOCUMENTATION**

No weight tickets or supporting documentation was located for 4,470 pounds of IRON FITTINGS (AR760840), valued at \$8,940.00 (\$2.00/pound), which was placed between 12/12/02 and 12/24/02.

According to the Construction Memorandum #02-76 (Contractor Payments), the resident should never pay for work for which they do not have adequate documentation to support the quantity.

**Recommendation**

We recommend that the resident and Aeronautics personnel ensure required documentation for pay items is in accordance with Aeronautics Construction policy.

**Aeronautics Response**

The Division will continue to ensure proper documentation of items paid on a per pound basis, in accordance with Bureau of Construction policy. This pay item is unusual and rare in the Division of Aeronautics. This topic will be added to the spring seminar. Section B of the Airport Construction Documentation Manual also details the required documentation for pound pay items.

## **Observation 5**

### **THICKNESS DETERMINATIONS**

No depth checks or yield checks were located for 8,096.4 square yards of 12" PCC PAVEMENT (AR501512) placed on 5/29/03 and valued at \$388,465.27 (\$47.98/square yard).

According to the Thickness Determination Schedule in the Airport Construction Documentation Manual, PCC Pavement should have depth checks at the frequency of 1 per 350 square yards. Thickness determinations shall be documented by before and after cross sections or before and after measurements from an established reference elevation such as a stringline, form line or edge of pavement. Thin pavement will require an adjustment in the contract price.

A yield check is a calculation to determine if the correct amount of material was used in the work. While performing yield checks are highly recommended for all materials used in the work, they are required to be documented for PCC Paving at the end of each day of paving.

### **Recommendation**

We recommend that the resident and Aeronautics personnel ensure required depth checks and yield checks are performed in accordance with Aeronautics Construction policy.

### **Aeronautics Response**

The Division will ensure that resident engineers are performing and recording all required depth checks as outlined in the Airport Construction Documentation Manual. Acceptable documentation of thicknesses is also included within examples in the manual and will be emphasized during the spring seminar.

## **Observation 6**

### **INDEPENDENT WEIGHT CHECKS**

Independent weight checks were not located for 397.2 tons placed on 7/18/03 and 474.0 tons placed on 8/5/03 of BIT SURFACE COURSE, LEVELING (AR401620) valued at \$45,581.18 (\$52.32/ton).

According to the Airport Construction Documentation Manual, a weekly random check must be performed by a consultant representative to verify the actual weight of material delivered. Independent weight checks are to be performed as follows:

1. The check weights will be measured on an independent, approved platform scale other than the scale on which the original measurement is performed and not owned or controlled by the contractor or material supplier. The independent scale must be approved, and the DOA decal information is to be recorded in the Quantity Book.
2. Gross and tare weights must be measured and recorded, so that the actual net weight of material can be determined.
3. The independently measured net weight must agree with the weight shown on the tickets within a tolerance of 0.50 percent (bituminous) and 0.70 percent (aggregate).
4. The independent weight check results are to be recorded and placed in the job file available for inspection, with corrective action taken for deviations from tolerance noted.
5. Independent weight checks must be performed at least once per week per scale (this includes any scale and batch weights) when any item is placed for which payment is based on weight tickets. If the same scale is used for several contracts during the week, a weight check performed for any one of the contracts will be sufficient for all of the contracts, as long as a copy of the check is included in the records for each of the projects.

According to the Construction Memorandum 00-08 (Independent Weight Checks and Scale Checks), dated October 1, 2000, the weekly independent weight checks will be documented on Form BC-2367. A copy of the Form BC-2367 will be forwarded to the Central Bureau of Construction and the Office of Quality Compliance and Review.

### **Recommendation**

We recommend that the resident and Aeronautics personnel ensure independent weight checks are performed and documented in accordance with Aeronautics Construction policy.

### **Aeronautics Response**

This has been an item that the Division has tried to emphasize in the past year. Resident engineers have been instructed to include scale decal information when pay items are paid for on a ton basis. The procedure for calculating the weight checks is located in the Airport Construction Documentation Manual. During the spring seminar, an example utilizing Form BC 2367 was illustrated and will be, again, this year. Additionally, the Construction Section provides the locations of the nearest independent scales to consultants, when they begin work on tonnage items.

04-06-052 JT/Aeronautics -- 3LF-3138

**Observation 1**

**DAILY DIARY**

The required daily diary first entry page was missing. The project year, the name and signature of the resident, the complete official designation of the section, the return address, and the name of the contractor were not documented.

According to the Airport Construction Documentation Manual, the first entry in the diary must include the year, the name and signature of the resident, the complete official designation of the section, and the name of the contractor. The Division of Aeronautics' return address must also be noted on the title page so that it may be returned if it is ever lost. A list of all personnel assigned to the job or who work on the job shall be entered in front of the diary (print full name). Each person shall put his/her initials after his/her name.

**Recommendation**

We recommend that the resident and Aeronautics personnel ensure the diary is completed in accordance with Aeronautics Construction policy.

**Aeronautics Response**

The Division will continue to ensure consultant resident engineers are keeping documentation in accordance with Bureau of Construction policy. An example of the first entry page is located in the Airport Construction Documentation Manual. This example itemizes all required information to be contained on the first page of the project diary. In addition, consultants are reminded of these requirements during the spring seminar.



## **Observation 2**

### **FIELD BOOKS**

The field book covers did not show complete project designation and return address.

According to the Airport Construction Documentation Manual, the inside cover must show the complete project designation and the return address for the Division.

### **Recommendation**

We recommend that the resident and Aeronautics personnel ensure the field books are completed in accordance with Aeronautics Construction policy.

### **Aeronautics Response**

The Division would like it noted that there was no Airport Construction Documentation Manual until spring of 2003. Consultant and resident engineers have been accustomed to their individual company's methods regarding field books. The manual makes clear, the requirements of a field book and when they must be used. This topic will again be covered during the spring seminar and the Division will continue to ensure field books are completed properly.

### **Observation 3**

#### **THICKNESS DETERMINATIONS**

No depth checks were located for 916 linear feet of PAVED DITCH (AR754610) valued at \$27,480.00 (\$30.00/linear foot).

According to the Thickness Determination Schedule in the Airport Construction Documentation Manual, Paved Ditch should have depth checks at the frequency of 1 per 250 linear feet. Thickness determinations shall be documented by before and after cross sections or before and after measurements from an established reference elevation such as a stringline, form line or edge of pavement.

#### **Recommendation**

We recommend that the resident and Aeronautics personnel ensure required depth checks are performed in accordance with Aeronautics Construction policy.

#### **Aeronautics Response**

The Division will ensure that resident engineers are performing and recording all required depth checks as outlined in the Airport Construction Documentation Manual. Acceptable documentation of thicknesses is also included within examples in the manual and will be emphasized during the spring seminar.

04-06-038 JT/District 9 - #98767

**Observation 1**

**ESTIMATED PROGRESS PAYMENTS**

The documentation of the number of pipe sections and the length of the sections were not located for the estimated progress measurement. The Inspector's Daily Report number 72 (IDR 72) dated July 25, 2003, stated that the quantity of 155 linear feet of P CUL CL A1 24 (542A0229) was an estimated progress measurement. In addition, no documentation was made as to whom measured or calculated the pay item for payment.

According to the Documentation Section of the Construction Manual, in order to properly document the quantities shown on partial payment estimates, progress entries in the Quantity Book are required. These daily quantities can be based upon either estimates or final measurements. In either case, progress documentation must be kept on file (preferably on the IDR or in a field book) to indicate how the quantity was established. If a method other than one of those shown below is used to estimate a quantity, the method must be documented, clear and reasonable. Pipe pay items should be documented by counting and recording pipe sections as installed and upgrading completed runs with plan quantities.

**Recommendation**

We recommend that district personnel and the resident ensure estimated progress measurement documentation is in accordance with IDOT Bureau of Construction policy.

**District Response**

The district agrees with the finding and recommendation. The construction engineer will review with all residents and construction staff that estimated or final quantities must indicate how pay quantities are established, either on IDRs or in field books. If some other method is used, that method must be documented and must be clear and reasonable. Progress reviews will be held to follow up on resident's documentation.

## **Observation 2**

### **THICKNESS DETERMINATIONS**

Depth checks were not located for 175.60 square feet of CONC MEDIAN SURF 4 (60618300) valued at \$15,010.29 (\$85.48/square foot) placed on July 23, 2003. Neither calculations nor sufficient estimates were located for this pay item. A diagram and measurements were documented on the IDR, but no explanation as to how the quantity of 175.60 was calculated.

According to the Documentation Section of the Construction Manual, thickness determinations are a Bureau of Construction policy requirement. The use of proper procedures for thickness determinations will significantly reduce the chances for unacceptable work.

The minimum frequency for depth checks is 1 per 1,000 square feet for CONC MEDIAN SURF 4. Thickness determinations should be documented by before and after cross sections or before and after measurements from an established reference elevation such as a stringline, form line or edge of pavement. Thin pavement will require an adjustment in the contract unit price.

According to the Documentation Section of the Construction Manual, in order to properly document the quantities shown on partial payment estimates, progress entries in the Quantity Book are required. These daily quantities can be based upon either estimates or final measurements. In either case, progress documentation must be kept on file (preferably on the IDR or in a field book) to indicate how the quantity was established. Area pay items should be documented by: (1) base computations on paced dimensions, (2) station to station staked dimensions, or (3) plan quantity schedules.

### **Recommendation**

We recommend that district personnel and the resident ensure depth checks and estimated progress measurement documentation is provided for in accordance with IDOT Bureau of Construction policy.

### **District Response**

The district agrees with the finding and the recommendation. We will review with all residents and inspectors that calculations, diagrams, and measurements must be documented in permanent documents.

### **Observation 3**

#### **MEASUREMENT OF PAY ITEM**

The auditors' measurement of pay item P CUL CL A1 24 (542A0229) resulted in a 14-foot overpayment valued at \$732.06 (\$52.29/foot). The Inspector's Daily Report number 16 dated June 17, 2003 indicated a quantity of 78 feet of P CUL CL A1 24. Our measurement was 78 feet overall which included two 7 foot end sections. The quantity to be paid should be 64 feet (78' minus 14'). The resident indicated the inspector must have included the end sections in the original measurement.

#### **Recommendation**

We recommend that district personnel and the resident ensure final measurements are checked before the final pay estimate is paid.

#### **District Response**

The district agrees with the finding and accepts the recommendation. The staff will be instructed that lineal foot pay items must have "inspected by, measured by, calculated by, and checked by" on IDRs or field books and compared to plan quantity to ensure an accurate amount is to be paid.

04-06-049 JT/District 9 - #98714

**Observation 1**

**ICORS BACKUP LOG**

The ICORS backup logs were not located in the project files on the day of our review. The district submitted September and October ICORS backup logs at a later date. September's log indicated a backup was performed on September 24, 2003 only. November's log indicates a backup was performed on October 22, 2003 only.

According to the ICORS policy manual, backups should be performed on a daily basis. Daily backups should be performed at the end of each day.

Backing up your data protects you from data loss due to theft or disk failure. Since the ICORS database is stored on the hard drive and represents many hours of required documentation, it is imperative that any loss of the hard disk through failure or theft will not result in the loss of vital project records.

**Recommendation**

We recommend that district personnel and the resident ensure ICORS backup procedures are followed in accordance with IDOT Bureau of Construction policy.

**District Response**

The district concurs with the finding. The backup of ICORS records will be discussed with all residents. They will be instructed to perform backups on a daily basis to ensure protection from data loss. This will be checked during progress reviews.

## **Observation 2**

### **TRAFFIC CONTROL**

BT-726/BC-726 (Traffic Control Inspection Report) forms were not completed as required. No daytime inspections were located and nighttime inspections were documented from March 26, 2003 through June 25, 2003 only. The project started on March 10, 2003 and our review was September 24, 2003. Traffic control inspections were documented in the project diary as required.

According to Section 700 of the IDOT Construction Manual, the importance of correctly placed and maintained traffic controls in construction work zones cannot be overstressed. This importance does not diminish when the day's activities are completed and the workforce leaves the job site. To assure that the required traffic controls are in their proper position and functioning properly during non-working periods, the following actions are required:

1. The resident should drive through the job site as their first and last duty of the day. Serious deficiencies should be corrected immediately and noted in the diary when cited and resolved. Minor problems can be corrected as soon as practical.
2. As a minimum, one daytime inspection shall be done weekly for projects having hazards in the work zone, barricades on the pavement, barricades on the shoulder. Follow-up inspections shall be made within 48 hours for any major deficiencies that are found, and repeated at 48-hour intervals until all major deficiencies are corrected. All inspections shall be recorded on Form BT-726/BC-726, Traffic Control Inspection Report. When major deficiencies are corrected, a small note stating the correction was made along with date and initials shall be added to the form that cited the deficiency, or in the project diary.
3. Regular nighttime inspections shall be performed by the resident and/or district traffic control supervisor at a minimum of twice per month to assure sign reflectivity, identify light outages and required maintenance of traffic control devices and to confirm clear direction to motorists through the work zones. This review is critical before weekends and/or holiday periods.

The resident for a construction project shall have the primary responsibility for ensuring that the traffic control is established in accordance with the approved plan, adequately maintained and revised, if necessary. The district operations/traffic engineer shall be assigned the responsibility for overall administration of this policy. The district engineer has the primary responsibility to ensure that this policy is carried out within their jurisdiction.

### **Recommendation**

We recommend that district personnel and the resident ensure traffic control is provided for in accordance with IDOT Bureau of Construction policy.

**District Response**

The district concurs with this finding. Residents will be re-issued a guidance memorandum from the District Construction Engineer. Section 700 of the Construction Manual will be reviewed at the next residents' meeting.



### **Observation 3**

#### **ESTIMATED PROGRESS PAYMENTS**

Explanations of how the estimated progress measurements were developed were not documented for several pay items. Progress measurements for 199.00 cubic yards of CONC SUP-STR (50300255) valued at \$511,583.23 (\$2,570.77/cu yd) placed on May 8, 2003, 1,327 pounds of REINF BARS, EPOXY CTD (50800205) valued at \$1,459.70 (\$1.10/lb) placed on May 7, 2003, and 22.5 cubic feet of POLYMER CONC (X0320887) valued at \$17,437.50 (\$775.00/cu ft) placed on July 3, 2003 did not have an explanation for the estimated progress measurements on the Inspector's Daily Reports.

According to the Documentation Section of the Construction Manual, in order to properly document the quantities shown on partial payment estimates, progress entries in the Quantity Book are required. These daily quantities can be based upon either estimates or final measurements. In either case, progress documentation must be kept on file (preferably on the IDR or in a field book) to indicate how the quantity was established. If a method other than one of those shown below is used to estimate a quantity, the method must be documented, clear and reasonable. Concrete pay items should be documented by: (1) extracting the daily volumes from the computation check file, (2) using a reasonable percentage (typically 90%) of actual delivered concrete, and (3) upgrading each complete structural item with the plan Bill-of-Materials quantity. Reinforcement bars should be documented by establishing a lbs./cu. yd. factor from plan quantities for use as concrete volumes are placed or as the bars are tied in place and upgrading each completed structural item with the plan bill of materials quantity.

#### **Recommendation**

We recommend that district personnel and the resident ensure estimated progress measurement documentation is in accordance with IDOT Bureau of Construction policy.

#### **District Response**

The district agrees with the finding and recommendation. This item will be reviewed with all residents. They will be instructed that all estimated or final quantities must indicate how those quantities were determined, either on IDRs or field books.

#### **Observation 4**

##### **MEASUREMENT OF PAY ITEM**

The auditors' measurement of pay item TIMBER CURB (X0322878) resulted in a 75-foot overpayment valued at \$4,539.75 (\$60.53/foot). The Inspector's Daily Report (IDR) numbers 151 dated July 22, 2003 and 187 dated August 18, 2003 indicated quantities of 87.5 feet on both IDRs of TIMBER CURB for a total of 175.0 feet. The auditors and resident located one section of pay item TIMBER CURB that was 100 feet long. The resident stated a correction would be made.

##### **Recommendation**

We recommend that district personnel and the resident ensure final measurements are checked before the final pay estimate is paid.

##### **District Response**

The district agrees with the finding and will discuss with all construction staff at its annual meeting. The staff will be instructed that lineal foot pay items must have "inspected by, measured by, calculated by, and checked by" on IDRs or field books and compared to plan quantity to ensure an accurate amount is to be paid.

04-06-040 JT/District 9 - #98421

### **Observation 1**

#### **TRAFFIC CONTROL**

BT-726/BC-726 (Traffic Control Inspection Report) forms were not completed as required. No daytime traffic control inspections were located. Only four nighttime traffic control inspections were documented (2 for June and 2 for July). The project started March 17, 2003, but traffic control began May 12, 2003. Traffic control inspections were documented in the project diary as required.

According to Section 700 of the IDOT Construction Manual, the importance of correctly placed and maintained traffic controls in construction work zones cannot be overstressed. This importance does not diminish when the day's activities are completed and the workforce leaves the job site. To assure that the required traffic controls are in their proper position and functioning properly during non-working periods, the following actions are required:

1. The resident should drive through the job site as their first and last duty of the day. Serious deficiencies should be corrected immediately and noted in the diary when cited and resolved. Minor problems can be corrected as soon as practical.
2. As a minimum, one daytime inspection shall be done weekly for projects having hazards in the work zone, barricades on the pavement, barricades on the shoulder. Follow-up inspections shall be made within 48 hours for any major deficiencies that are found, and repeated at 48-hour intervals until all major deficiencies are corrected. All inspections shall be recorded on Form BT-726/BC-726, Traffic Control Inspection Report. When major deficiencies are corrected, a small note stating the correction was made along with date and initials shall be added to the form that cited the deficiency, or in the project diary.
3. Regular nighttime inspections shall be performed by the resident and/or district traffic control supervisor at a minimum of twice per month to assure sign reflectivity, identify light outages and required maintenance of traffic control devices and to confirm clear direction to motorists through the work zones. This review is critical before weekends and/or holiday periods.

The resident for a construction project shall have the primary responsibility for ensuring that the traffic control is established in accordance with the approved plan, adequately maintained and revised, if necessary. The district operations/traffic engineer shall be assigned the responsibility for overall administration of this policy. The district engineer has the primary responsibility to ensure that this policy is carried out within their jurisdiction.

#### **Recommendation**

We recommend that district personnel and the resident ensure traffic control is provided for in accordance with IDOT Bureau of Construction policy.

**District Response**

The district agrees with the finding. Residents will be re-issued a guidance memorandum from the District Construction Engineer. Section 700 of the Construction Manual will be reviewed at the next residents' meeting.

## **Observation 2**

### **INDEPENDENT WEIGHT CHECKS**

Independent weight checks were not located for 3,489.57 tons of P BCBC SUP IL19.0 N90 (MX406248) with a value of \$151,900.98 (\$43.53/ton) placed on June 9, June 27, June 30, July 1, August 6, and August 15, 2003.

According to the Documentation Section of the Construction Manual, a weekly random check must be performed by a state (or local agency and QC) representative to verify the actual weight of material delivered. Independent weight checks are to be performed as follows:

1. The check weights will be measured on an independent, approved platform scale other than the scale on which the original measurement is performed and not owned or controlled by the contractor or material supplier. The independent scale must be approved, and the Department of Agriculture decal information is to be recorded in the Quantity Book.
2. Gross and tare weights will be measured and recorded, so that the actual net weight of material can be determined.
3. The independently measured net weight must agree with the weight shown on the tickets within a tolerance of 0.5 percent.
4. The independent weight check results are to be recorded and placed in the job file available for inspection, with corrective action taken for deviations from tolerance noted.
5. Independent weight checks must be performed at least once per week per scale when any item is placed for which payment is based on weight tickets. If the same scale is used for several contracts during the week, a weight check performed for any one of the contracts will be sufficient for all of the contracts, as long as a copy of the check is included in the records for each of the projects.

According to the Construction Memorandum 00-08 (Independent Weight Checks and Scale Checks – Dated October 1, 2000), the weekly independent weight will be documented on the Form BC-2367. A copy of the completed form will be forwarded to the Central Bureau of Construction and to the Office of Quality Compliance and Review.

### **Recommendation**

We recommend that district personnel and the resident ensure independent weight checks are performed and documented in accordance with IDOT Bureau of Construction policy.

**District Response**

The district concurs with the finding. All residents will be instructed that items from a given source paid for by the ton will be randomly checked weekly and documented on Form BC-2367. This will be discussed at pre-construction conferences where appropriate.

### **Observation 3**

#### **THICKNESS DETERMINATIONS**

Depth checks were not located for 27.60 meters of COMB CC&G TB15.15 (M6060400) valued at \$1,960.70 (\$71.04/meter) and placed on May 27, 2003.

According to the Documentation Section of the Construction Manual, thickness determinations are a Bureau of Construction policy requirement. The use of proper procedures for thickness determinations will significantly reduce the chances for unacceptable work.

The minimum frequency for depth checks is 1 per 75 meters for COMB CC&G TB15.15. Thickness determinations should be documented by before and after cross sections or before and after measurements from an established reference elevation such as a stringline, form line or edge of pavement. Thickness may be determined at the edge of the pavement, back of the curb, slipform template, or any other location at which the thickness of the item can be verified. Thin pavement will require an adjustment in the contract unit price.

#### **Recommendation**

We recommend that district personnel and the resident ensure depth checks are performed and documented in accordance with IDOT Bureau of Construction policy.

#### **District Response**

The district concurs with the finding. We will review with all residents that calculations, diagrams, and measurements must be documented in permanent records. They will be instructed that Comb. CC&G requires depth checks although the method of measurement is lineal feet.

04-06-056 JT/District 1 - #83645

## **Observation 1**

### **INDEPENDENT WEIGHT CHECKS**

Independent weight checks were not located for 1,939.0 metric tons placed on July 1, 2003 and 657.5 metric tons placed on September 10, 2003 of SUB GRAN MAT B (M3111010) with a value of \$33,754.50 (\$13.00/metric ton).

According to the Documentation Section of the Construction Manual, a weekly random check must be performed by a state (or local agency and QC) representative to verify the actual weight of material delivered. Independent weight checks are to be performed as follows:

1. The check weights will be measured on an independent, approved platform scale other than the scale on which the original measurement is performed and not owned or controlled by the contractor or material supplier. The independent scale must be approved, and the Department of Agriculture decal information is to be recorded on the BC 2367.
2. Gross and tare weights will be measured and recorded, so that the actual net weight of material can be determined.
3. The independently measured net weight must agree with the weight shown on the tickets within a tolerance of 0.5 percent (bituminous) and 0.70 percent (aggregate).
4. The independent weight check results are to be recorded and placed in the job file available for inspection, with corrective action taken for deviations from tolerance noted.
5. Independent weight checks must be performed at least once per week per scale when any item is placed for which payment is based on weight tickets. If the same scale is used for several contracts during the week, a weight check performed for any one of the contracts will be sufficient for all of the contracts, as long as a copy of the check is included in the records for each of the projects.

According to the Construction Memorandum 00-08 (Independent Weight Checks and Scale Checks – Dated October 1, 2000), the weekly independent weight check will be documented on the Form BC-2367. A copy of the completed form will be forwarded to the Central Bureau of Construction and to the Office of Quality Compliance and Review.

### **Recommendation**

We recommend that district personnel and the resident ensure independent weight checks are performed and documented in accordance with IDOT Bureau of Construction policy.



**District Response**

We concur with the finding and plan to audit the project again to assure the independent weight checks are being performed on our projects.

## **Observation 2**

### **THICKNESS DETERMINATIONS**

Thickness determinations were not documented as required for 261.10 square meters of PCC SIDEWALK 125 (M4240125) valued at \$8,485.75 (\$32.50/sq m), placed between August 8, 2003 and November 17, 2003. In addition, thickness determinations were not documented for 97.0 meters of COMB CC&G TB15.60 (M6060700) valued at \$4,074.00 (\$42.00/meter) placed on July 14, 2003.

According to the Documentation Section of the Construction Manual, thickness determinations are a department policy requirement. The use of proper procedures for thickness determinations will significantly reduce the chances for unacceptable work. The minimum frequency for PCC SIDEWALK 125 is one per 100 square meters and COMB CC&G TB15.60 is one per 75 meters.

Depth checks help ensure thickness meets the lines and grades shown in the plans. An important part of inspecting and approving the pay item work for payment is documenting the checks of the properly applied material.

### **Recommendation**

We recommend that district personnel and the resident ensure depth checks are performed and documented in the project records for all applicable pay items in accordance with IDOT Bureau of Construction policy.

### **District Response**

Depth checks were not performed on the above pay items due to an oversight by the field personnel. As a result of the audit review, greater care will be given to the field inspection of pay items where depth checks are required. Yield calculations for the above items were performed, based upon field area measurements and plan depths, and it was determined the amount of material delivered and placed was in excess of 100% of the material required for the plan depth.

**Observation 3**

**TRAINEE APPROVAL**

The "Request for Approval of Contractor's Proposed Training Program" Form SBE 1146 was not located in the project records. There were 371.5 hours of pay item TRAINEES (Z0076600) between July 10, 2003 and November 17, 2003.

According to the Construction Memorandum 03-24 (EEO Contract Provisions and District Responsibilities), the Form SBE 1146 is to be submitted for approval prior to commencing construction on the project and maintained in the construction file.

**Recommendation**

We recommend that district personnel and the resident ensure Form SBE 1146 is submitted for approval and maintained in the construction file in accordance with IDOT Bureau of Construction policy.

**District Response**

We concur with the finding. The district will provide a copy of this form to the resident engineer on future projects.

04-06-057 JT/District 1 - #83687

**Observation 1**

**TRAINEE APPROVAL**

The "Request for Approval of Contractor's Proposed Training Program" form SBE 1146 was not located in the project records. There were 204.5 hours of pay item TRAINEES (Z0076600) placed at the time of our review.

According to the Construction Memorandum 03-24 (EEO Contract Provisions and District Responsibilities), the Form SBE 1146 is to be submitted for approval prior to commencing construction on the project and maintained in the construction file.

**Recommendation**

We recommend that district personnel and the resident ensure Form SBE 1146 is submitted for approval and maintained in the construction file in accordance with IDOT Bureau of Construction policy.

**District Response**

We concur with the finding. The district will provide a copy of this form to the resident engineer on future projects.

## **Observation 2**

### **TRAFFIC CONTROL**

Neither an OPER 725 (Traffic Control Authorization Request) form nor BT-726/BC-726 (Traffic Control Inspection Report) forms were located in the project records. The project started on August 5, 2003 and our review was November 19, 2003. Traffic control inspections were documented in the project diary as required.

According to Section 700 of the IDOT Construction Manual, the importance of correctly placed and maintained traffic controls in construction work zones cannot be overstressed. This importance does not diminish when the day's activities are completed and the workforce leaves the job site. To assure that the required traffic controls are in their proper position and functioning properly during non-working periods, the following actions are required:

1. The resident should drive through the job site as their first and last duty of the day. Serious deficiencies should be corrected immediately and noted in the diary when cited and resolved. Minor problems can be corrected as soon as practical.
2. As a minimum, one daytime inspection shall be done weekly for projects having hazards in the work zone, barricades on the pavement, barricades on the shoulder. Follow-up inspections shall be made within 48 hours for any major deficiencies that are found, and repeated at 48-hour intervals until all major deficiencies are corrected. All inspections shall be recorded on Form BT-726/BC-726, Traffic Control Inspection Report. When major deficiencies are corrected, a small note stating the correction was made along with date and initials shall be added to the form that cited the deficiency, or in the project diary.
3. Regular nighttime inspections shall be performed by the resident and/or district traffic control supervisor at a minimum of twice per month to assure sign reflectivity, identify light outages and required maintenance of traffic control devices and to confirm clear direction to motorists through the work zones. This review is critical before weekends and/or holiday periods.

Prior to any field activity, BT 725 (Traffic Control Authorization Request) form should be submitted to and approved by the District Operations/Traffic Engineer.

The resident for a construction project shall have the primary responsibility for ensuring that the traffic control is established in accordance with the approved plan, adequately maintained and revised, if necessary. The district operations/traffic engineer shall be assigned the responsibility for overall administration of this policy. The district engineer has the primary responsibility to ensure that this policy is carried out within their jurisdiction.

**Recommendation**

We recommend that district personnel and the resident ensure traffic control inspections are performed and documented in accordance with IDOT Bureau of Construction policy.

**District Response**

We concur. Required inspections have begun as of November 21, 2003 and are continuing on a weekly basis. Form BC 726 is retained in the project files and a copy forwarded to the district traffic engineer for each inspection.

04-06-058 JT/District 1 - #83634

**Observation 1**

**ICORS BACKUP**

ICORS backup logs were not located in the project records. The start date was March 18, 2003 and our review was November 20, 2003. The resident stated the ICORS log would be documented starting from our review date to the end of the project.

The ICORS Manual explains the importance of performing regular, systematic backups on ICORS systems. Backing up data protects the resident from data loss due to theft or disk failure. Since the ICORS database is stored on the hard drive and represents many hours of required documentation, it is imperative that any loss of the hard disk through failure or theft will not result in the loss of vital records.

Backups should be completed on a daily basis. The resident is required to use a backup schedule, which should contain the date, the time the backups were completed and the initials of the person who performed the backup.

**Recommendation**

We recommend that the district and resident ensure that ICORS backups are performed in accordance with Bureau of Construction policy.

**District Response**

We concur with the finding. After the audit, daily back ups are being made and logged on the BC-2331.

## **Observation 2**

### **PCC PAVING SUMMARY**

The bituminous concrete paving summary was not located in the field book or on form BC-2529 for 1,107.37 tons of BIT CONC SURF CRSE SPPV, E, N90 (X9100201).

According to the documentation section of the IDOT Construction Manual, the use of a field book is required for:

1. Permanent survey records, layout records and cross-sections.
2. PC concrete paving summary, or Form BC-2531.
3. Class I bituminous concrete paving summary, or Form BC-2529.
4. Concrete superstructure pour summary.

### **Recommendation**

We recommend that district personnel and the resident ensure the field books have the required documentation in accordance with IDOT Bureau of Construction policy.

### **District Response**

We concur with the finding and have advised the consultant to use field books in the future for all paving details.



### **Observation 3**

#### **TREE REMOVAL**

Calculations were not located for 86 units of TREE REMOVAL 6-15 (20100110) valued at \$1,978.00 (\$23.00/unit) and placed on June 23, 2003. Calculation sheets indicated the inches and units removed, but no measurements were recorded and no indication that a tree tape was used.

According to the documentation section of the IDOT Construction Manual, documentation requirements for tree removal are field measurements, station to station groupings listing individual measurements, and if a tree tape is used, it must be indicated with computations.

#### **Recommendation**

We recommend that district personnel and the resident ensure tree removal is documented in the project records in accordance with IDOT Bureau of Construction policy.

#### **District Response**

We concur with the finding. In the future, the consultant will have all calculations either shown in the field books, or on the IDR, and a note indicating a tree tape was used.

#### **Observation 4**

##### **BITUMINOUS PRIME COAT DOCUMENTATION**

Calculations based upon initialed weight tickets and specific gravity per gallon or meter ticket with proper information in accordance with the specifications were not located in the project records. The resident paid for 2,436.16 gallons of BIT MATLS PR CT (40300100) valued at \$2,070.74 (\$.85/gallon). The Department of Agriculture scale information was documented.

According to the IDOT Construction manual, the required documentation for prime coat is the following:

1. Calculations based upon initialed weight tickets and specific gravity per gallon. The specific gravity is given on the shipping or storage ticket.
2. Meter ticket, if the ticket contains proper information in accordance with the specifications.
3. Record of the Department of Agriculture decal date, identification number, and scale location.

#### **Recommendation**

We recommend that the resident and district personnel ensure required documentation for pay items is in accordance with IDOT Bureau of Construction policy.

#### **District Response**

We concur with the finding. In the future, the consultant will have all calculations shown on the IDR or in a field book.

## **Observation 5**

### **ESTIMATED QUANTITIES**

The progress estimated quantity was not explained for 0.5 lump sum of CONSTRUCTION LAYOUT (Z0013798) valued at \$8,875.00 (\$17,750.00/lump sum) and documented on IDR dated April 25, 2003.

According to the Documentation section of the IDOT Construction manual, in order to properly document the quantities shown on partial payment estimates, progress entries in the quantity book are required. These daily quantities can be based upon either estimates or final measurements. In either case, progress documentation must be kept on file (preferably on the Inspector's Daily Report or in a field book) to indicate how the quantity was established. The method must be documented, clear and reasonable.

### **Recommendation**

We recommend that the resident and district personnel ensure progress estimates are explained in accordance with IDOT Bureau of Construction policy.

### **District Response**

We concur with the finding. The consultant will adjust the quantity to pay the percentage completed on the contract, for this contract and in the future.

# **FINAL CONSTRUCTION AUDITS**

## **FY 04 Final Construction Findings**

04-06-031 – District 5

### **Observation 1**

#### **TRAFFIC CONTROL DEFICIENCIES**

Four (27%) of the 15 projects reviewed did not have sufficient evidence of the required traffic control inspections reports to support traffic control checks during the course of the project. These included the daytime and nighttime inspection reports and any inspections done by the resident engineer on a daily basis.

According to Section 700 of the IDOT Construction Manual, all inspection shall be recorded on Form BT-726, Traffic Control Inspection Report. Additionally, the Traffic Control Through Construction and Maintenance Work Zones (TRA-1) states "the inspector shall either maintain a diary or utilize Form BT 726 Traffic Control Inspection Report to record his/her inspections. The records should be adequate to indicate date and time of inspection, general condition of traffic control devices and whether or not traffic operations are satisfactory."

The importance of correctly placed and maintained traffic controls in construction work zones cannot be overstressed. This importance does not diminish when the day's activities are completed and the workforce leaves the job site. To assure that the required traffic controls are in their proper position and functioning properly during non-working periods, the following actions are required:

1. The resident should drive through the job site as their first and last duty of the day. Serious deficiencies should be corrected immediately and noted in the diary when cited and resolved. Minor problems can be corrected as soon as practical.
2. As a minimum, one daytime inspection shall be done weekly for projects having hazards in the work zone, barricades on the pavement or barricades on the shoulder. Follow-up inspections shall be made within 48 hours for any major deficiencies that are found, and repeated at 48-hour intervals until all major deficiencies are corrected. All inspections shall be recorded on Form BT-726, Traffic Control Inspection Report. When major deficiencies are corrected, a small note stating the correction was made along with date and initials shall be added to the form that cited the deficiency, or in the project diary.
3. Regular nighttime inspections shall be performed by the resident and/or district traffic control supervisor at a minimum of twice per month on most jobs to assure sign reflectivity, identify light outages and confirm clear direction to motorists through the work zones. This review is critical before weekends and/or holiday periods.

The resident for a construction project shall have the primary responsibility for ensuring that the traffic control is established in accordance with the approved plan, adequately maintained and revised, if necessary.

**Recommendation**

We recommend that District 5 personnel and the resident ensure traffic control is provided for in accordance with IDOT Bureau of Construction policy.

**District Response**

The district concurs with this finding and will stress the importance of documenting these inspections on future projects at our annual resident's meeting. In addition to this, a documentation reminder has been distributed to all District 5 residents stating the inspection requirements on traffic control.

s:\gen\wpdocs\audits\0406\fy 04 final construction findings

# **FCIAA AUDITS**



# Illinois Department of Transportation

Office of Finance and Administration  
2300 South Dirksen Parkway / Springfield, Illinois / 62764

## AUDIT REPORT

covering the

ILLINOIS DEPARTMENT OF TRANSPORTATION

Departmentwide  
Fiscal and Administrative Controls

as required by the

FISCAL CONTROL AND INTERNAL AUDITING ACT

Audit Report Number: 04-02-015 DC <sup>of 11</sup>

Audit Period: January 1, 2003 through December 31, 2003

Issue date: April 19, 2004

This report has been prepared for use by the Illinois Department of Transportation (IDOT). Final determinations establishing the official position of IDOT on the matters reported herein are made by the appropriate IDOT officials.

Ronald J. McKechn  
Chief of Audits

cc:

Timothy W. Martin, Secretary

Robert J. Millette, Director, Office of Finance & Administration

Augustine Sogunro, Chief, Bureau of Accounting & Auditing



## INTRODUCTION

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3):

1. Requires agencies to establish adequate systems of internal fiscal and administrative control.
2. Requires agency chief executive officers to file annual internal control certifications with the Auditor General.

Under Article 3 (Fiscal Controls) of the Act, the Chief Executive Officer (CEO) is required to annually certify to the effectiveness of IDOT's internal control systems and, if applicable, to identify, plan and schedule needed refinements.

## SCOPE OF REVIEW

In accordance with the intent of Article 3 of the Fiscal Control and Internal Auditing Act, we have completed our evaluation of the major systems of internal accounting and administrative controls of the Illinois Department of Transportation (IDOT) for the period January 1, 2003 through December 31, 2003.

The purpose of our evaluation of the internal accounting and administrative control systems was to provide the Secretary of Transportation and other IDOT officials a basis on which the annual certification could be made to the Illinois Auditor General.

Our evaluation was designed to determine with a reasonable degree of certainty that IDOT's:

1. Resources are utilized efficiently, effectively and in compliance with applicable laws, regulations and administrative requirements.
2. Obligations and costs are in compliance with applicable laws, regulations and administrative requirements.
3. Funds, property and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation.
4. Revenues, expenditures, transfers of assets, resources or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the state's resources.
5. Funds held outside the state treasury are managed, used and obtained in strict accordance with the terms of their enabling authorities and that no unauthorized funds exist.

The Department's major systems of internal accounting and administrative controls have been identified as follows:

1. General Accounting
2. Obligations
3. Petty Cash
4. Revenue Accounting
5. Vouchering
6. Aeronautics
7. Electronic Data Processing
8. Budgeting
9. Procurement
10. Property and Equipment Inventory
11. Active Contract Construction
12. Construction Escrow
13. Final Contract Construction
14. Construction Contractor Prequalification
15. Construction Contract Bids and Awards
16. Consultant Services
17. Construction Cost Estimating
18. Personnel and Payroll
19. Federal Aid Billing
20. Final Project Vouchering
21. Project Monitoring
22. Public Transportation
23. Local Roads and Streets
24. Bridges

Each of these 24 systems was evaluated to determine that sufficient financial and administrative controls have been established to ensure IDOT's adherence to managerial policies and procedures, promotion of operational efficiency, safeguarding of assets and issuance of accurate and reliable financial reports. In addition to the 24 major systems identified above, there were other systems (Workers' Compensation Unit, Chicago Area Transportation Study, Division of Traffic Safety, Office of Programming and Planning, Bureau of Operations and nine Division of Highways Districts) evaluated by the Audit Section. These systems were selected based on prior audit experience in each of the areas.

The evaluation process was established through the use of specially designed internal control questionnaires completed by the appropriate Bureau or Division responsible for each specific control system. The completed control questionnaires were reviewed by the Audit Section to the extent deemed necessary to ensure the accuracy and reliability of the responses to the questionnaires.

An evaluation was also made of all internal audit reports issued by the Audit Section for the past calendar year, the Auditor General's report of IDOT's activities covering the period July 1, 2002 through June 30, 2003, and the Auditor General's state-wide single audit report for the year ended June 30, 2003. These reports were reviewed to determine if they contained any significant findings which would materially impact any areas of IDOT's operations.

The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits expected to be derived therefrom, and that the benefits consist of reductions in the risks of failing to achieve the stated objectives. Estimates and judgments are required to assess the expected benefits and related costs of control procedures. Furthermore, errors or irregularities may occur and not be detected because of inherent limitations in any system of internal accounting and administrative control, including those limitations resulting from resource constraints, legislative restrictions and other factors.

Finally, projection of any evaluation of the system to future periods is subject to the risk that procedures may be inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate. Nonetheless, we have taken the necessary measures to ensure that the evaluation, as noted above, has been conducted in a thorough and conscientious manner.

#### OPINION

Based on our evaluation, we believe that the Illinois Department of Transportation's systems of internal accounting and administrative controls are adequate and provide reasonable assurance that IDOT's:

1. Resources are utilized efficiently, effectively and in compliance with applicable laws, regulations and administrative requirements.
2. Obligations and costs are in compliance with applicable laws, regulations and administrative requirements.
3. Funds, property and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation.
4. Revenues, expenditures, transfers of assets, resources or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the state's resources.
5. Funds held outside the state treasury are managed, used and obtained in strict accordance with the terms of their enabling authorities and that no unauthorized funds exist.

STATUS OF PREVIOUS FINDINGS

#	Finding Topic	Report Reference	Status
1.	Need For Bureau of Information Processing to properly inventory \$683,485 in State Property	AR# 03-02-041 DC	Not Repeated
2.	Need for compliance with Departmental Order 12-5 and submittal of physical inventory certifications valued in excess of \$13.8 million	AR# 03-02-041 DC	Not Repeated
3.	Need to Improve Documentation of Pay Quantities Based on Weight Tickets	AR# 03-02-041 DC	Not Repeated
4.	Need to Verify Vehicle Inventories for the Section 5309, Section 5310, and Section 5311 Federal Transit Programs	AR# 02-02-041 DC	Not Repeated

AIC: (David Fischer)  
RM:DF:jmb



# Illinois Department of Transportation

## Memorandum

To: Robert J. Millette, Director  
Office of Finance and Administration

From: Ronald J. McKechn, Chief of Audits  
Bureau of Accounting & Auditing

Subject: FCIAA Report

Date: April 19, 2004

Attached for your information and use is a copy of Audit Report 04-02-015 DC covering the Fiscal Control and Internal Auditing Act (FCIAA) review of the Department for the calendar year 2003. For your convenience, we have prepared a transmittal memo from you to the Secretary and from the Secretary to the Auditor General.

Our evaluation process was established through the use of specially designed internal control questionnaires completed by the appropriate bureau or division responsible for each specific control system. The Audit Section reviewed the completed questionnaires and corrective action plans submitted. No major internal control deficiencies were noted during our review.

Based on our evaluation, the systems of internal fiscal and administrative controls of the Illinois Department of Transportation comply with the requirements of the Fiscal Control and Internal Auditing Act of 1989.

Please contact me for any additional information.

*Ronald J. McKechn*  
Ronald J. McKechn  
Chief of Audits

RJM:DF:jmb



# Illinois Department of Transportation

Office of Finance and Administration  
2300 South Dirksen Parkway / Springfield, Illinois / 62764

## AUDIT REPORT

covering the

### ILLINOIS DEPARTMENT OF TRANSPORTATION

#### Fiscal and Administrative Controls

of the system identified as:

District 1

as required by the

### FISCAL CONTROL AND INTERNAL AUDITING ACT

Audit Report Number: <sup>001IC</sup>04-02-006 IC

Audit Period: January 1, 2001 through December 31, 2002

Issue date: December 17, 2003

This report has been prepared for the use of the Illinois Department of Transportation (IDOT). Final determinations establishing the official position of IDOT on the matters reported herein are made by the appropriate IDOT officials.

A handwritten signature in cursive script, reading "Ronald J. McKeachan".

Ronald J. McKeachan  
Chief of Audits

cc:  
Augustine Sogunro, Chief, Bureau of Accounting & Auditing

I. INTRODUCTION

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3):

1. Requires agencies to establish adequate systems of internal fiscal and administrative control.
2. Requires agency chief executive officers to file annual internal control certifications with the Auditor General.

Under Article 3 (Fiscal Controls) of the Act, the Chief Executive Officer is required to annually certify to the effectiveness of IDOT's internal control systems and, if applicable, to identify, plan, and schedule refinements.

II. SCOPE OF REVIEW

In accordance with the intent of Article 3 of the Fiscal Control and Internal Auditing Act, we have completed our review and evaluation of the internal accounting and administrative controls of the department. As additional information for the department's management officials, we have reviewed and evaluated the internal accounting and administrative controls of District 1. The evaluation period was January 1, 2001 through December 31, 2002.

Our review was conducted in accordance with the Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing.

The purpose of our evaluation of the internal accounting and administrative control systems was to provide the Secretary of Transportation and other IDOT officials a basis on which the annual certification could be made to the Illinois Auditor General.

Our evaluation was designed to determine with a reasonable degree of certainty that:

1. Resources are utilized efficiently, effectively, and in compliance with applicable laws, regulations and administrative requirements.
2. Obligations and costs are in compliance with applicable laws, regulations and administrative requirements.
3. Funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.
4. Revenues, expenditures, transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the state's resources.
5. Funds held outside the State Treasury are managed, used, and obtained in strict accordance with the terms of their enabling authorities and that no unauthorized funds exist.

District 1's internal accounting and administrative controls were evaluated to determine that sufficient fiscal and administrative controls have been established to ensure IDOT's adherence to managerial policies and procedures, promotion of operational efficiency, safeguarding of assets and issuance of accurate and reliable financial reports.

This process was accomplished through the use of a specially designed internal control questionnaire completed by the appropriate official who is responsible for District 1's control systems. The completed control questionnaire was reviewed and tested by the Audit Section to the extent deemed necessary to ensure the accuracy and reliability of the responses to the questions.

Follow-up was also made of all applicable audit reports issued by the Audit Section within the past calendar year and the Auditor General's reports of IDOT's activities covering the period January 1, 2001 through December 31, 2002. These reports were reviewed to determine if they contained any significant findings that would materially impact District 1's control systems.

The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits expected to be derived therefrom, and that benefits consist of reductions in the risks of failing to achieve the stated objectives. Estimates and judgments are required to assess the expected benefits and related costs of control procedures. Furthermore, errors or irregularities may occur and not be detected because of inherent limitations in any system of internal accounting and administrative control, including those limitations resulting from resource constraints, legislative restrictions, and other factors.

The auditors are required to exercise due professional care in performing audits. In doing so, the audit procedures were designed and the audit conducted to ensure that auditors were alert to the possibility of wrongdoing, errors and omissions, inefficiency, waste, ineffectiveness and conflict of interest. The auditors were also cognizant of conditions and activities where irregularities are most likely to occur.

Finally, projection of any evaluation of the system to future periods is subject to the risk that procedures may be inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate. Nonetheless, we have taken the necessary measures to assure that the evaluation as noted above has been conducted in a thorough and conscientious manner.

### III. OPINION

Except as noted in the "Results of Audit" Section of this report, we believe that District 1's systems of internal accounting and administrative controls are adequate and provide reasonable assurance that:

1. Resources are utilized efficiently, effectively, and in compliance with applicable laws, regulations and administrative requirements.
2. Obligations and costs are in compliance with applicable laws, regulations and administrative requirements.



3. Funds and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.
4. Revenues, expenditures, transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the state's resources.
5. Funds held outside the State Treasury are managed, used, and obtained in strict accordance with the terms of their enabling authorities and that no unauthorized funds exist.

#### IV. STATUS OF PREVIOUS FINDINGS

Report Number	Title	Status
02-02-004 IC	Maintenance Yard Commodity Inventory	Revised
02-02-004 IC	Structure Inspection Results Not Updated According to Established Requirements	Not Repeated
02-02-004 IC	Medical Records Confidentiality	Not Repeated
02-02-004 IC	Physical Inventory Certifications	Not Repeated
02-02-004 IC	Using Receiving Reports for Computer Equipment	Not Repeated
02-02-004 IC	Acknowledgement Receipt for D.O. 8-2: IT Resources	Not Repeated
	Approval of CMS Billings	Not Repeated

#### V. RESULTS OF AUDIT

##### Observation 1

##### ACCOUNTS RECEIVABLES OF \$1,468,028.50 NOT INVOICED

We reviewed outstanding accounts receivable at District 1 to determine that invoices are processed according to Chapter 2, Revenue Accounting Procedures Manual. The Revenue Accounting Procedures Manual complies with current policies and procedures of the State Treasurer's Office and the Comptroller's Office. According to the Revenue Accounting Procedures Manual, "an invoice form (AA-644) should be prepared, processed and distributed as soon as possible once it has been determined that a financial obligation to the department exists."

We compared the audit section's outstanding accounts receivable records with the district's records. Accounts receivables in the audit section are amounts owed to the state as the result of an audit finding. According to District 1's Accounts Receivables Procedures, "all invoices are prepared by the responsible bureaus."

Based on the results of our testing, five bureaus (listed below) at District 1 have neglected to invoice for amounts owed to the state.

Bureau	# of Audit Reports	Amount
Design	18	\$ 196,926.63
Local Roads & Streets	1	\$ 732,207.11
Programming	6	\$ 105,369.72
Construction	5	\$ 432,072.25
Land Acquisition	1	\$ 1,452.79
<b>Total</b>	<b>31</b>	<b>\$1,468,028.50</b>

Per the Revenue Accounting Procedures Manual, "it is the responsibility of each district and bureau to ensure that amounts due the department receive proper recognition, treatment, and processing in accordance with the department's definition of an accounts receivable."

When it is determined that an accounts receivable is due the district as a result of an audit finding, an invoice should be promptly created by the originating bureau.

#### **Corrective Action:**

The Contracts and Agreements Unit of Financial Services in District 1 creates a monthly report, which is circulated to each of the bureaus with outstanding receivables. The report lists all uncompleted transactions. If a consultant is owed for services rendered, a request is made to the corresponding bureau to have the consultant submit an invoice to Financial Services for processing. Likewise, if a consultant has been overpaid, a request is made to the corresponding bureau to send an invoice for total amount due.

A copy of the report is also sent to the managing engineers. If the corresponding bureaus are continually unresponsive, follow-up will be escalated to the responsible managing engineer.

#### **Scheduled Implementation Date:**

This process change has been implemented and is currently being utilized.

## Observation 2

### EMPLOYEE PERFORMANCE EVALUATIONS

The district did not ensure that evaluations were completed and forwarded to the Personnel Management Section for inclusion in the employee personnel files in accordance with Department Order 3-1. Our review concentrated on probationary evaluations for newly hired employees, promotional evaluations and annual evaluations for both Code and Technical employees.

We reviewed 15 employee personnel files for Code employees that were hired between 1/1/01 through 12/31/02. According to Department Order 3-1, Section 5-5(A) "...the first report is due at the end of three months and the second is due at the end of five and one-half months." Of the 15 files, 8 files had both evaluations on file; 4 files only had the first probationary evaluation; 2 files only had the final probationary evaluation and 1 file did not have either probationary evaluation.

We reviewed 15 personnel files for Technical employees that were hired between 1/1/01 through 12/31/02. According to Department Order 3-1, Section 5-5(B) "...the first report is due at the end of three months and the second is due at the end of five and one-half months." Of the 15 files, only 1 file had both probationary evaluations on file; 11 files had neither probationary evaluation; 2 had only the final probationary evaluation and 1 file had weekly evaluations (the employee was later discharged).

We reviewed 10 Code employee personnel files for those promoted between 1/1/01 through 12/31/02. According to Department Order 3-1, Section 5-5(A) "Upon promotion, one probationary report is prepared at the end of two and one-half months." Of the 10 files, 7 files had the 2.5-month probationary evaluation on file and the remaining 3 did not have the probationary evaluation on file.

We randomly selected 15 Code and 15 Technical employee personnel files for annual evaluations. Of the 15 Technical files reviewed, all 15 files had current up-to-date annual evaluations on file. Of the 15 Code files reviewed, 13 files had current up-to-date annual evaluations on file; the remaining 2 files had evaluations that were at least two years old.

We also verified that the Code employee evaluations were submitted for inclusion in the Central Personnel Office files (same sample as above) as required.

1. Of the 15 Code employee personnel files, for those hired between 1/1/01 and 12/31/02, 10 files had both probationary evaluations on file; 4 files did not have the 5.5-month probationary evaluation on file and 1 file did not have either probationary evaluation on file.
2. Of the 10 Code employee personnel files, for those who were promoted between 1/1/01 and 12/31/02, 9 files had the 2.5-month probationary evaluation on file; 1 file did not.

3. Of the 15 Code personnel files reviewed for annual evaluations, all 15 files had current up-to-date annual evaluations on file.

Performance evaluations are required in order to promote a productive, well-informed workforce. Also, it is used to evaluate how well an employee adheres to a prescribed set of performance indicators.

#### Corrective Action

The district feels that its current procedures for obtaining annual performance evaluations are adequate. The district Personnel Office will continue to send reminders to the bureaus that have missing evaluations, and will continue with said follow-up until remaining evaluations have been completed.

New procedures for obtaining probationary and promotional evaluations will be implemented. These procedures will be similar to the ones currently used for securing annual evaluations. Implementation of these additional procedures will ensure compliance with the Personnel Policy and Procedures Manual.

#### Scheduled Implementation Date

January 1, 2004.

#### Observation 3

##### MAINTENANCE YARD COMMODITY INVENTORY

We selected three maintenance yards to test the accuracy of the commodity inventories as follow-up to the weakness identified during the previous audit period. We performed a limited commodity inventory of 20 items at the Arlington Heights, Northbrook and Rodenburg maintenance yards. No significant deficiencies were found at the Arlington Heights or Northbrook yards.

Of the 20 commodity items tested at the Rodenburg Maintenance Yard, 7 (35%) of the items counted during the audit did not agree with the number of items on the card inventory. Many of the inventory cards noted the last inventory completed was 1994 through 1998. It should be noted that the Rodenburg maintenance yard storeroom clerk's position has been vacant for at least 1 year.

One of the objectives of the FCIAA process is the determination with a reasonable degree of certainty that agency internal control systems assure that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation. Conditions at the Rodenburg maintenance facility storeroom do not promote adequate control over their commodity inventory. The district should require the performance of an annual physical inventory of its storerooms and other such facilities in order to promote the monitoring and safeguarding of State resources and compliance with FCIAA objectives.

This physical inventory would account for all State commodity resources and would verify the accuracy of inventory records. Upon review of the annual inventory results, any type of theft or misuse of the commodity items could be detected. If this were to happen, this would indicate that property control procedures are not properly implemented, or the inventory has not been thoroughly completed.

**Corrective Action**

The Bureau of Maintenance has issued a directive to all maintenance facilities that they are required to conduct an annual inventory of all commodities in their individual stock rooms. Staff from the Maintenance Support Section will conduct twice annual reviews of inventory practices at each facility to insure compliance.

**Scheduled Implementation Date**

All maintenance facilities should have initial inventory completed by March 31, 2004, and once annually thereafter.

AIC: Denise Logue  
RJM:DL:jmb  
s:\gen\wpdocs\fciaa\cy02\0402006



# Illinois Department of Transportation

Office of Finance and Administration  
2300 South Dirksen Parkway / Springfield, Illinois / 62764

TO: John P. Kos  
District Engineer, District 1

FROM: Ronald J. McKechan, Chief of Audits  
Bureau of Accounting & Auditing

SUBJECT: Fiscal Control & Internal Auditing Act

DATE: December 17, 2003

Attached for your information and use is a copy of Audit Report No. 04-02-006 IC covering the department's evaluation of the fiscal and administrative controls.

Please extend our appreciation to your staff for their assistance. If you have any questions, please contact Dave Fischer or me at 217/782-5148.

A handwritten signature in black ink that reads "Ronald J. McKechan".

Ronald J. McKechan  
Chief of Audits

RJM:DL:DF:jmb

cc:  
Augustine Sogunro, Chief, Bureau of Accounting & Auditing



# Illinois Department of Transportation

Office of Finance and Administration  
2300 South Dirksen Parkway / Springfield, Illinois / 62764

## AUDIT REPORT

covering the

### ILLINOIS DEPARTMENT OF TRANSPORTATION

#### Fiscal and Administrative Controls

of the system identified as:

District 6

as required by the

### FISCAL CONTROL AND INTERNAL AUDITING ACT

Audit Report Number: <sup>030204/IC</sup> 04-02-005 IC

Audit Period: January 1, 2001 through December 31, 2002

Issue date: October 7, 2003

This report has been prepared for the use of the Illinois Department of Transportation (IDOT). Final determinations establishing the official position of IDOT on the matters reported herein are made by the appropriate IDOT officials.

Ronald J. McKechn  
Chief of Audits

cc:

Victor A. Modeer Jr., Director, Division of Highways

Christine Reed, Engineer, District 6

Adelmo Marchiori, Bureau of Administrative Services, District 6

Bob Carlton, Business Services Manager, Bureau of Administrative Services, District 6

Augustine Sogunro, Chief, Bureau of Accounting & Auditing

I. INTRODUCTION

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3):

1. Requires agencies to establish adequate systems of internal fiscal and administrative control.
2. Requires agency chief executive officers to file annual internal control certifications with the Auditor General.

Under Article 3 (Fiscal Controls) of the Act, the Chief Executive Officer is required to annually certify to the effectiveness of IDOT's internal control systems and, if applicable, to identify, plan, and schedule refinements.

II. SCOPE OF REVIEW

In accordance with the intent of Article 3 of the Fiscal Control and Internal Auditing Act, we have completed our review and evaluation of the internal accounting and administrative controls of the Department. As additional information for the Department's management officials, we have reviewed and evaluated the internal accounting and administrative controls of District 6. The evaluation period was January 1, 2001 through December 31, 2002.

Our review was conducted in accordance with the Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing.

The purpose of our evaluation of the internal accounting and administrative control systems was to provide the Secretary of Transportation and other IDOT officials a basis on which the annual certification could be made to the Illinois Auditor General.

Our evaluation was designed to determine with a reasonable degree of certainty that:

1. Resources are utilized efficiently, effectively, and in compliance with applicable laws, regulations and administrative requirements.
2. Obligations and costs are in compliance with applicable laws, regulations and administrative requirements.
3. Funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.
4. Revenues, expenditures, transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.
5. Funds held outside the State Treasury are managed, used, and obtained in strict accordance with the terms of their enabling authorities and that no unauthorized funds exist.



District 6's internal accounting and administrative controls were evaluated to determine that sufficient fiscal and administrative controls have been established to ensure IDOT's adherence to managerial policies and procedures, promotion of operational efficiency, safeguarding of assets and issuance of accurate and reliable financial reports.

This process was accomplished through the use of a specially designed internal control questionnaire completed by the appropriate official who is responsible for District 6's control systems. The completed control questionnaire was reviewed and tested by the Audit Section to the extent deemed necessary to ensure the accuracy and reliability of the responses to the questions:

Follow-up was also made of all internal audit reports issued by the Audit Section within the past calendar year and the Auditor General's report of IDOT's activities covering the period July 1, 1999 through June 30, 2000. These reports were reviewed to determine if they contained any significant findings, which would materially impact District 6's control systems.

The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits expected to be derived therefrom, and that benefits consist of reductions in the risks of failing to achieve the stated objectives. Estimates and judgments are required to assess the expected benefits and related costs of control procedures. Furthermore, errors or irregularities may occur and not be detected because of inherent limitations in any system of internal accounting and administrative control, including those limitations resulting from resource constraints, legislative restrictions, and other factors.

The auditors are required to exercise due professional care in performing audits. In doing so, the audit procedures were designed and the audit conducted to ensure that auditors were alert to the possibility of wrongdoing, errors and omissions, inefficiency, waste, ineffectiveness and conflict of interest. The auditors were also cognizant of conditions and activities where irregularities are most likely to occur.

Finally, projection of any evaluation of the system to future periods is subject to the risk that procedures may be inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate. Nonetheless, we have taken the necessary measures to assure that the evaluation as noted above has been conducted in a thorough and conscientious manner.

### III. OPINION

Except as noted in the "Results of Audit" Section of this report, we believe that District 6's systems of internal accounting and administrative controls are adequate and provide reasonable assurance that:

1. Resources are utilized efficiently, effectively, and in compliance with applicable laws, regulations and administrative requirements.
2. Obligations and costs are in compliance with applicable laws, regulations and administrative requirements.

3. Funds and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.
4. Revenues, expenditures, transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.
5. Funds held outside the State Treasury are managed, used, and obtained in strict accordance with the terms of their enabling authorities and that no unauthorized funds exist.

#### IV. STATUS OF PREVIOUS FINDINGS

Report Number	Subject	Status
02-02-008 IC	Acknowledgement of Receipt Form for Departmental Order 8-2: Information Technology	Not Repeated
02-02-008 IC	Commodity Usage and Inventory	Suspended*
02-02-008 IC	Receiving Reports	Not Repeated
02-02-008 IC	Equipment Inventory Discrepancies	Not Repeated
02-02-008 IC	Bridge Inspection Discrepancies	Not Repeated
02-02-008 IC	Inaccuracies in the Overtime in Excess of 250 Hours Report	Not Repeated
Office of the Auditor General – Year Ended June 30, 2000	Inadequate Procedures Regarding Excess Land	Suspended*
Office of the Auditor General – Year Ended June 30, 2000	Lack of Compliance with Policies and Procedures Regarding Settlements and Eminent Domain	Not Repeated

\*. Finding suspended until next audit review period

V. RESULTS OF AUDIT

Observation 1

EMPLOYEE PERFORMANCE EVALUATIONS

We reviewed personnel files at the district to ascertain that the employee evaluations are completed in accordance with Appendix 1, Departmental Order 3-1.

We reviewed personnel files for 10 Code employees who were hired between 1/1/01-12/31/02. According to Departmental Order 3-1, Section 5-5,A, "the first report (employee performance evaluation) is due at the end of three months and the second is due at the end of five and one-half months." Of the 10 files, 5 files did not have any evaluations on file; the remaining 5 files did not have the second probationary (5.5 months) evaluation on file.

We reviewed personnel files for 20 Technical employees who were hired between 1/1/01-12/31/02. According to Departmental Order 3-1, Section 5-5,B, "the first report (employee performance evaluation) is due at the end of three months and the second is due at the end of five and one-half months." Of the 20 files examined, 2 files had both the first and last probationary evaluations on file; 13 files did not have any evaluations on file; 1 file did not have the final probationary evaluation on file and 4 files did not have probationary evaluations on file, but had subsequent evaluations in the files.

We reviewed personnel files for 8 Code employees who were promoted between 1/1/01-12/31/02. According to Departmental Order 3-1, Section 5-5,A, "upon promotion, one probationary report is prepared at the end of two and one-half months." Of the 8 files examined, 1 file had the 2.5 month probationary evaluation on file; 3 files did not have a probationary evaluation on file and the remaining 4 files had promotion evaluations on file instead of the required probationary evaluation.

We randomly selected and reviewed 15 Code and 15 Technical employee personnel files for annual evaluations. Of the 15 Technical files reviewed, 14 files had current up-to-date annual evaluations on file and the remaining 1 file's most recent annual evaluation was dated 6/9/99 (covering the period 6/1/98-5/31/99). Of the 15 Code files reviewed, 14 files did not have current up-to-date annual evaluations on file (most recent period covered 6/1/98-5/13/99) and the 1 remaining file did not have an annual evaluation.

We also verified that the Code employee evaluations were submitted for inclusion in the Central Personnel Office files (same sample as above) as required by Departmental Order 3-1, Section 5-4,F. Of the 10 employee personnel files examined for Code employees who were hired between 1/1/01-12/31/02, 5 files did not have any evaluations on file and the remaining 5 files did not have the second probationary (5.5 months) evaluation on file. Of the 8 employee personnel files examined for Code employees who were promoted between 1/1/01-12/31/02, 1 file had the 2.5 month probationary evaluation on file; 3 files did not have a probationary evaluation on file and the remaining 4 files had promotion evaluations on file instead of the required probationary evaluation. Of the 15 Code personnel files reviewed for annual

evaluations, 11 files did not have current up-to-date annual evaluations on file (most recent covered 6/1/96-5/31/97); 1 file did not have any evaluations on file and 3 files did not have an annual evaluation on file.

Had there been any Technical employee evaluations with a rating of "Exceptional" or "Unsatisfactory" in the sample above, we would have verified that a copy of those evaluations were submitted to the Central Personnel Office as required by the Personnel Policy Manual. According to District 6 personnel, they were not aware of the requirement. Furthermore, this policy was not being enforced by the Central Bureau of Personnel Management.

A performance evaluation is required in order to promote a productive, well-informed workforce. Also, it is used to evaluate an employee and how that employee adheres to a prescribed set of performance indicators.

#### Corrective Action

Since the first of the year, there has been almost a complete turnover in the District 6 Administrative Office. This new administration will make every effort to get all employee performance evaluations completed and filed into the appropriate personnel file in a timely manner.

Whenever evaluations are due for employees, either as groups (916, etc.) or individually (AFSCME), the Personnel Unit sends out reminders to the supervisors, including due dates of evaluations.

Staff from the Personnel Unit will continue to monitor and make sure all evaluations are completed and submitted in an appropriate manner.

#### Scheduled Implementation Date

District 6 has already taken the necessary steps to implement this action.

#### Observation 2

##### PROPER APPROVAL OF BILLINGS FROM CMS

Billings from CMS are approved for payment prior to verification that goods and services being billed have been received by the yards, warehouses and facilities purchasing the item or service.

During our review, we found that CMS billings are sent directly to Financial Services at the District 6 office for payment, thus neglecting approval from the operations yards, warehouses and facilities where the goods or services are received. Without approval from the yards, warehouses or facilities, there is no means to verify that the goods or services being paid for were actually received.

According to SAMS Procedure 2.50.40, Evaluation of Internal Controls, "timely payments to contractors/vendors must be based on proper invoices approved by authorized persons and reconciled with ordering and receiving documents."

One of the objectives of the FCIAA process is the determination, with a reasonable degree of certainty, that agency internal control systems assure that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

The district should ensure that CMS and any other goods and/or services are received and properly approved prior to payment.

### **Corrective Action**

District 6 will immediately take corrective measures to bring our district into compliance with the findings of the internal audit. Beginning immediately, field technicians and field engineers will have the added responsibility of making sure that goods and services received are in fact goods and services that were requested and received by district personnel. When CMS sends the billing statements to our financial services staff, the staff will, in turn, identify what bureaus have incurred the expenses and send them to the appropriate personnel in those bureaus (field technicians, field engineers, etc.) for them to verify that these goods and services were requested. They will then sign the work orders and return them to financial services where accounting personnel will then match the work orders to the invoices and process them for payment.

### **Scheduled Implementation Date**

Immediately. The Administrative Manager and Accounting Section will be scheduling a meeting with the designated personnel to explain to them the new procedures that will be put into place concerning state garage work orders.

### **Observation 3**

#### **DBE FINAL DOCUMENTATION**

We reviewed construction contracts at the district to determine that the district EEO officer was adequately monitoring compliance with the DBE Utilization Plan and final documentation.

We randomly selected 20 contracts that had been closed during the audit period (1/1/01-12/31/02). We used the final documentation to obtain the date of the final inspection, the date the SBE 2115 was signed by the prime contractor and the date the SBE 2028 was signed by the district EEO/LC officer.

For our testing, we used these dates to determine the elapsed time between actions. The final inspection date is the date that all construction is complete and the project had been accepted by the state as finished, pending punch list items. The DBE payment agreement, Form SBE 2115, date is the date that the prime contractor signed the form

for submission to the EEO officer. The DBE/WBE final documentation, SBE 2028, date reflects the date that all EEO documentation had been satisfactorily completed and the EEO office finalizes the EEO portion of the project.

We determined the time lapse from the final inspection date to the date on the SBE 2115 and the time lapse between the SBE 2115 date and the SBE 2028 date. Based on our analysis, the average number of days from final inspection to submission of the SBE 2115 was 260 days and the average number of days from the SBE 2115 date and the SBE 2028 date was 42 days. Therefore, the delay in closing our construction projects is a result of the delay in obtaining the necessary EEO final documentation from the prime contractor.

*Special Provision for Disadvantaged Business Enterprise Participation* is incorporated into every contract that has a DBE goal. According to this Special Provision, "the contractor shall submit a DBE payment record on department Form SBE 2115 to the district engineer" after the DBE firm has completed the final item of work and received payment for such work from the contractor. The contractor, under this provision, is also required to make final payment to the DBE no later than thirty (30) days after payment has been made by the department.

The district should develop procedures that would expedite the receipt of all documentation from the subcontractors. Consideration should be given to developing a method of tracking all work done by subcontractors with expected completion dates. Upon completion, the prime contractor should be notified that the required SBE 2115(s) need to be completed with subcontractor concurrence of the payment received.

#### **Corrective Action**

The resident engineers will make sure that the paperwork is submitted in a timely manner to ensure that when the job is finally completed, all required documentation has been submitted thus expediting our EEO closing out the project. This action will reduce the lapsed time period discussed in the audit. The importance of completing the appropriate paperwork will be highlighted during the fall/winter construction meetings in District 6.

#### **Scheduled Implementation Date**

District 6 will take immediate corrective action in addressing these findings.

A/C: Stefanie Kent

RJM:DF:SK:jmb

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# Illinois Department of Transportation

Office of Finance and Administration  
2300 South Dirksen Parkway / Springfield, Illinois / 62764

TO: Christine Reed  
District Engineer, District 6

FROM: Ronald J. McKechan, Chief of Audits  
Bureau of Accounting & Auditing

SUBJECT: Fiscal Control & Internal Auditing Act  
District 6

DATE: October 7, 2003

Attached for your information and use is a copy of Audit Report No. 04-02-005 IC covering the Department's evaluation of the fiscal and administrative controls.

Please extend our appreciation to your staff for their assistance. If you have any questions, please contact Dave Fischer or me at 217/782-5148.

A handwritten signature in cursive script that reads "Ronald J. McKechan".

Ronald J. McKechan  
Chief of Audits

RJM:DF:SK:jmb

cc:  
Augustine Sogunro, Chief, Bureau of Accounting & Auditing



# Illinois Department of Transportation

Office of Finance and Administration  
2300 South Dirksen Parkway / Springfield, Illinois / 62764

## AUDIT REPORT

covering the

### ILLINOIS DEPARTMENT OF TRANSPORTATION

#### Fiscal and Administrative Controls

of the system identified as:

District 2

as required by the

#### FISCAL CONTROL AND INTERNAL AUDITING ACT

Audit Report Number: 04-02-004 IC<sup>002IC</sup>

Audit Period: January 1, 2001 through December 31, 2002

Issue date: October 3, 2003

This report has been prepared for the use of the Illinois Department of Transportation (IDOT). Final determinations establishing the official position of IDOT on the matters reported herein are made by the appropriate IDOT officials.

*Ronald J. McKechn*

Ronald J. McKechn  
Chief of Audits

cc:

Victor A. Modeer Jr., Director, Division of Highways  
Gregg Mounts, Engineer, District 2  
Matt Hughes, Bureau of Administrative Services, District 2  
Bryant Burnell, Business Services Manager, District 2  
Augustine Sogunro, Chief, Bureau of Accounting & Auditing



I. INTRODUCTION

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3):

1. Requires agencies to establish adequate systems of internal fiscal and administrative control.
2. Requires agency chief executive officers to file annual internal control certifications with the Auditor General.

Under Article 3 (Fiscal Controls) of the Act, the Chief Executive Officer is required to annually certify to the effectiveness of IDOT's internal control systems and, if applicable, to identify, plan, and schedule refinements.

II. SCOPE OF REVIEW

In accordance with the intent of Article 3 of the Fiscal Control and Internal Auditing Act, we have completed our review and evaluation of the internal accounting and administrative controls of the Department. As additional information for the Department's management officials, we have reviewed and evaluated the internal accounting and administrative controls of District 2. The evaluation period was January 1, 2001 through December 31, 2002.

Our review was conducted in accordance with the Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing.

The purpose of our evaluation of the internal accounting and administrative control systems was to provide the Secretary of Transportation and other IDOT officials a basis on which the annual certification could be made to the Illinois Auditor General.

Our evaluation was designed to determine with a reasonable degree of certainty that:

1. Resources are utilized efficiently, effectively, and in compliance with applicable laws, regulations and administrative requirements.
2. Obligations and costs are in compliance with applicable laws, regulations and administrative requirements.
3. Funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.
4. Revenues, expenditures, transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.
5. Funds held outside the State Treasury are managed, used, and obtained in strict accordance with the terms of their enabling authorities and that no unauthorized funds exist.

District 2's internal accounting and administrative controls were evaluated to determine that sufficient fiscal and administrative controls have been established to ensure IDOT's adherence to managerial policies and procedures, promotion of operational efficiency, safeguarding of assets and issuance of accurate and reliable financial reports.

This process was accomplished through the use of a specially designed internal control questionnaire completed by the appropriate official who is responsible for District 2's control systems. The completed control questionnaire was reviewed and tested by the Audit Section to the extent deemed necessary to ensure the accuracy and reliability of the responses to the questions.

Follow-up was also made of all internal audit reports issued by the Audit Section within the past calendar year and the Auditor General's report of IDOT's activities covering the period July 1, 2001 through June 30, 2002. These reports were reviewed to determine if they contained any significant findings, which would materially impact District 2's control systems.

The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits expected to be derived therefrom, and that benefits consist of reductions in the risks of failing to achieve the stated objectives. Estimates and judgments are required to assess the expected benefits and related costs of control procedures. Furthermore, errors or irregularities may occur and not be detected because of inherent limitations in any system of internal accounting and administrative control, including those limitations resulting from resource constraints, legislative restrictions, and other factors.

The auditors are required to exercise due professional care in performing audits. In doing so, the audit procedures were designed and the audit conducted to ensure that auditors were alert to the possibility of wrongdoing, errors and omissions, inefficiency, waste, ineffectiveness and conflict of interest. The auditors were also cognizant of conditions and activities where irregularities are most likely to occur.

Finally, projection of any evaluation of the system to future periods is subject to the risk that procedures may be inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate. Nonetheless, we have taken the necessary measures to assure that the evaluation as noted above has been conducted in a thorough and conscientious manner.

### III. OPINION

Except as noted in the "Results of Audit" Section of this report, we believe that District 2's systems of internal accounting and administrative controls are adequate and provide reasonable assurance that:

1. Resources are utilized efficiently, effectively, and in compliance with applicable laws, regulations and administrative requirements.
2. Obligations and costs are in compliance with applicable laws, regulations and administrative requirements.

3. Funds and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.
4. Revenues, expenditures, transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.
5. Funds held outside the State Treasury are managed, used, and obtained in strict accordance with the terms of their enabling authorities and that no unauthorized funds exist.

#### IV. STATUS OF PREVIOUS FINDINGS

Report Number	Subject	Status
02-02-030 IC	Maintenance Equipment Inventory	Not Repeated
02-02-030 IC	Commodity Usage and Inventory	Not Repeated
02-02-030 IC	Receiving Reports	Not Repeated
02-02-030 IC	Acquisition and Retention of Bridge Inspection Documentation	Not Repeated
02-02-030 IC	Bridge Inspection Discrepancies	Suspended**
Office of the Auditor General – Year Ended June 30, 2002	Inadequate Procedures Regarding Excess Land	Suspended**

\*\* Finding suspended until next audit review period

#### V. RESULTS OF AUDIT

##### Observation 1

##### DBE FINAL DOCUMENTATION

We reviewed construction contracts at the district to determine that the district EEO officer was adequately monitoring compliance with the DBE Utilization Plan and final documentation.

We randomly selected 20 contracts that had been closed during the audit period (1/1/01-12/31/02). We reviewed the final documentation to obtain the date of the final inspection, the date the SBE 2115 was signed by the prime contractor and the date the SBE 2028 was signed by the district EEO/LC officer.

For our testing, we examined these dates to determine the elapsed time between actions. The final inspection date is the date that all construction is complete and the project has been accepted by the state as finished, pending punch list items. The DBE Payment Agreement, form SBE 2115, date is the date that the prime contractor signs the form for submission to the EEO Officer. The DBE/WBE Final Documentation, SBE 2028, date reflects the date that all EEO documentation has been satisfactorily completed and the EEO officer finalizes the EEO portion of the project.

We determined the time lapse from the final inspection date to the date on the SBE 2115 and the time lapse between the SBE 2115 date and the SBE 2028 date. Based on our analysis, the average number of days from final inspection to submission of the SBE 2115 was 46 days and the average number of days from the SBE 2115 date and the SBE 2028 date was 17 days. Therefore, the delay in closing out construction projects normally is a result of the delay in obtaining the necessary EEO final documentation from the prime contractor.

*Special Provision for Disadvantaged Business Enterprise Participation* is incorporated into every contract that has a DBE goal. According to this Special Provision, "the contractor shall submit a DBE Payment Record on department form SBE 2115 to the district engineer" after the DBE firm has completed the final item of work and received payment for such work from the contractor. The contractor, under this provision, is also required to make final payment to the DBE no later than thirty (30) days after payment has been made by the department.

The district should develop procedures that would expedite the receipt of all documentation from the subcontractors. Consideration should be given to developing a method of tracking all work done by subcontractors with expected completion dates. Upon completion, the prime contractor should be notified that the required SBE 2115(s) need to be completed with subcontractor concurrence of the payment received.

#### **Corrective Action**

The district, at present, tries to get contractors to comply with the DBE special provision requirement for submittal of SBE-2115's needed for DBE contractors within 30 days of final payment to the prime contractor. Some prime contractors will not send in a form SBE-2115 until after final quantities have been agreed to. Some DBE firms do not agree with the final quantities, therefore, they will not sign off on a Form SBE-2115. This has happened on several occasions just this past year and the district has had a hard time getting the paperwork needed to close out those contracts. There are also times when the prime contractor has made numerous attempts to contact the DBE firm to sign the Form SBE-2115 without success.

The district will implement a system to track DBE subcontractor work in order to ensure prompt submittal of the SBE-2115's needed to close out contracts. This system will consist of keeping a copy of the Request for Approval of Subcontractor (Form BC-260-A) for each DBE subcontractor utilized on District 2 projects. The BC-260-A will have the start and completion date for the DBE contractor's work items. Those items will be compared against the contract pay items to ensure the accuracy of those dates and to monitor when the DBE contractor's work is actually done. This will not capture DBE truckers or material suppliers so the district will also monitor when projects are final inspected. At that time, a letter will be sent to the prime contractor advising them that submittal of the Form SBE-2115's will be expected within 30 days after payment is made by IDOT. A copy of that letter will also be sent to all the DBE contractors utilized on that contract. However, we are not sure how the district will be able to enforce adherence with the DBE special provisions as our contract is with the prime contractor and not their subcontractors, DBE or otherwise. It is our feeling that some guidance from the central office would be needed to ensure uniformity by all the districts.

**Scheduled Implementation Date**

October 1, 2003.

AIC: *Stefanie Kent*

RJM:DF:SK:jmb

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# Illinois Department of Transportation

Office of Finance and Administration  
2300 South Dirksen Parkway / Springfield, Illinois / 62764

TO: Gregg Mounts  
District Engineer, District 2

FROM: Ronald J. McKeachan, Chief of Audits  
Bureau of Accounting & Auditing

SUBJECT: Fiscal Control & Internal Auditing Act  
District 2

DATE: October 3, 2003

Attached for your information and use is a copy of Audit Report No. 04-02-004 IC covering the department's evaluation of the fiscal and administrative controls.

Please extend our appreciation to your staff for their assistance. If you have any questions, please contact Dave Fischer or me at 217/782-5148.

A handwritten signature in black ink, reading "Ronald J. McKeachan".

Ronald J. McKeachan  
Chief of Audits

RJM:DL:SK:jmb

cc:  
Augustine Sogunro, Chief, Bureau of Accounting & Auditing

# **EXHIBIT H**

**ILLINOIS DEPARTMENT OF TRANSPORTATION  
2004 SCHEDULE OF INTERNAL AUDIT COVERAGE  
ESTIMATED VS. ACTUAL ACCOMPLISHMENTS  
FCIAA CONTROL AREAS**

INTERNAL CONTROL SYSTEM		ESTIMATED ACCOMPLISHMENTS FOR FY 04	ACTUAL ACCOMPLISHMENTS FOR FY 04
1.)	REVENUE ACCOUNTING	*	*
2.)	GENERAL ACCOUNTING	*	*
3.)	VOUCHERING	*	*
4.)	OBLIGATIONS	*	*
5.)	PETTY CASH	*	*
6.)	PROJECT MONITORING	*	*
7.)	FEDERAL AID BILLING	*	*
8.)	FINAL PROJECT VOUCHERING	*	*
9.)	PROPERTY AND EQUIPMENT INVENTORY	*	*
10.)	PROCUREMENT	*	*
11.)	BUDGETING	*	*
12.)	PERSONNEL AND PAYROLL	*	*
13.)	ELECTRONIC DATA PROCESSING	*	*
14.)	ACTIVE CONTRACT CONSTRUCTION	*	*
15.)	FINAL CONTRACT CONSTRUCTION	*	*
16.)	CONSTRUCTION CONTRACTOR PREQUALIFICATION	*	*
17.)	CONSTRUCTION CONTRACT ESCROW	*	*
18.)	CONSULTANT SERVICES	*	*
19.)	CONSTRUCTION COST ESTIMATING	*	*
20.)	CONSTRUCTION CONTRACT BIDS AND AWARDS	*	*
21.)	PUBLIC TRANSPORTATION ADMINISTRATION	*	*



**ILLINOIS DEPARTMENT OF TRANSPORTATION  
2004 SCHEDULE OF INTERNAL AUDIT COVERAGE  
ESTIMATED VS. ACTUAL ACCOMPLISHMENTS  
FCIAA CONTROL AREAS**

INTERNAL CONTROL SYSTEM		ESTIMATED ACCOMPLISHMENTS FOR FY 04	ACTUAL ACCOMPLISHMENTS FOR FY 04
22.)	AERONAUTICS ADMINISTRATION	*	*
23.)	LOCAL ROADS AND STREETS	*	*
24.)	BRIDGES AND STRUCTURES	*	*
***	DEPARTMENT'S FCIAA REPORT	Scheduled	04-02-015 DC
	(This includes all non-major FCIAA control areas.)		

\* : The responsibility for internal audit coverage has been transferred to the Illinois Office of Internal Audit (IOIA). All Organizations previously scheduled for internal audit coverage will now receive internal audit coverage performed by IOIA.

# **EXHIBIT I**

**ILLINOIS DEPARTMENT OF TRANSPORTATION  
FY 2005/2006 SCHEDULE OF OPERATIONAL AUDIT COVERAGE  
BY ORGANIZATION**

ORGANIZATION		FY 2003	FY 2004	FY 2005	FY 2006
<b>Office of Chief Counsel</b>					
<b>Office of Finance and Administration</b>					
<b>1. Bureau of Accounting &amp; Auditing</b>					
A. Accounts & Finance Section		03-02-011	04-02-003	*	*
		03-02-031 IC			
B. Project Control Section		03-02-013 IC	04-02-008	Scheduled	Scheduled
		03-02-014	04-02-009		
		03-02-020	04-02-010		
		03-02-021	04-02-012		
		03-02-023	04-02-013		
		03-02-025	04-02-016		
		03-02-026 IC			
		03-02-049			
C. Audit Section					
D. Business Services Section		03-02-003 IC	*	*	*
		03-02-028 IC			
<b>2. Bureau of Administrative &amp; Facility Services</b>		03-02-046	04-02-002	*	*
<b>3. Bureau of Budget and Fiscal Management</b>		03-02-034 IC	*	*	*
<b>4. Bureau of Employee Services</b>		03-02-027 IC	*	*	*
<b>5. Bureau of Information Processing</b>		03-02-024 IC	*	*	*
		03-02-050			
<b>6. Bureau of Personnel Management</b>		03-02-032 IC	*	*	*
<b>7. Bureau of Small Business Enterprises</b>					
<b>Office of Intergovernmental Affairs</b>					

**ILLINOIS DEPARTMENT OF TRANSPORTATION**  
**FY 2005/2006 SCHEDULE OF OPERATIONAL AUDIT COVERAGE**  
**BY ORGANIZATION**

ORGANIZATION		FY 2003	FY 2004	FY 2005	FY 2006
<b>Office of Planning and Programming</b>					
1. Central Office Activities		03-02-044 IC	*	*	*
		03-02-045			
2. Chicago Area Transportation Study					
		03-02-035	04-02-011	Scheduled	Scheduled
		03-02-036 IC			
		03-02-054			
Office of Public Affairs					
		03-13-002			
Division of Aeronautics					
		03-02-015	04-02-007	Scheduled	Scheduled
		03-02-019			
		03-02-033 IC			
Division of Highways					
1. Bureau of Design & Environment		03-02-001 IC	*	*	*
		03-02-029 IC			
2. Bureau of Bridges & Structures					
		03-02-002 IC	*	*	*
		03-02-022 IC			
3. Bureau of Operations					
		03-02-004	*	*	*
		03-02-007			
		03-02-018 IC			
		03-02-051 IC			
4. Bureau of Construction					
		03-02-006 IC	04-06-001 thru	Scheduled	Scheduled
		03-02-030 IC	04-06-064		
		03-06-001 thru			
		03-06-064			
5. Bureau of Local Roads and Streets					
		03-02-009 IC	*	*	*
		03-02-037 IC			

**ILLINOIS DEPARTMENT OF TRANSPORTATION  
FY 2005/2006 SCHEDULE OF OPERATIONAL AUDIT COVERAGE  
BY ORGANIZATION**

ORGANIZATION	FY 2003	FY 2004	FY 2005	FY 2006
<b>6. Bureau of Materials and Physical Research</b>				
<b>7. Bureau of Land Acquisition</b>				
<b>8. Highways Administration</b>		*	*	*
<b>9. Districts</b>				*
	03-02-008 IC	04-02-004 IC		
	03-02-012 IC	04-02-005 IC		
	03-02-016 IC	04-02-006 IC		
	03-02-017 IC			
	03-02-042			
	03-02-043			
	03-02-047			
	03-02-052			
	03-02-053			
	03-02-055			
	03-13-001			
<b>Division of Public Transportation</b>				
	03-02-038	04-02-014	Scheduled	Scheduled
	03-02-039			
	03-02-040 IC			
<b>Division of Traffic Safety</b>				
	03-02-010 IC	*	*	*
	03-02-048 IC			
<b>Department's FCIAA Review</b>				
	03-02-005 DC	04-02-015 DC	Scheduled	Scheduled
	03-02-041 DC			

\* : The responsibility for internal audit coverage has been transferred to the Illinois Office of Internal Audit (IOIA).  
All Organizations previously scheduled for internal audit coverage will now receive internal audit coverage performed by IOIA.

